

**CITY OF ROCKY MOUNT,  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE, 30, 2006**

**Prepared by the City of Rocky Mount Finance Office  
Craig Kivett, Finance Officer**

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# INTRODUCTORY SECTION

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- Letter of Transmittal
- Certificate of Achievement for  
Excellence in Financial Reporting
- Organizational Chart
- List of Principal Officials



September 29, 2006

The Honorable Mayor and  
Members of City Council  
City of Rocky Mount,  
North Carolina

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the City of Rocky Mount, North Carolina (City) for the fiscal year ended June 30, 2006.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Cherry Bekaert & Holland, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE CITY**

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The City of Rocky Mount, North Carolina, was incorporated on February 19, 1867, and is located in eastern North Carolina in the coastal plains area. The City has a population of approximately 56,000, and straddles the Nash and Edgecombe County line, encompassing 37 square miles. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City operates under the council-manager form of government. The legislative body of the government of the City is comprised of a Mayor and a seven-member City Council. The governing council is responsible, among other things for passing ordinances, adopting the budget, appointing committees, and hiring the City's manager. The City's manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the City, and for appointing the heads of various departments. The Mayor is elected at-large by the Citizens and serves a four-year term, and is the presiding officer of the Council. Members of the City Council serve four-year terms and are elected by the voters of the wards in which they reside. The City is divided into seven wards and a Council member who resides in the ward represents each ward. Elections are held every two years in order that the terms of office are staggered.

The City provides a full range of services including police and fire protection, sanitation, public improvements, planning and zoning, parks and recreational activities, transportation, general administrative services, and the construction and maintenance of highways, streets, and other infrastructure. The City also operates electric, natural gas, water, and sewer utilities for the incorporated and surrounding areas.

The annual budget serves as the foundation for the City's financial planning and control. The City has a formal operating budget process, which begins in February of each year. The City Council receives the recommended budget in late May. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the City's fiscal year. Legal budgetary control for operating budgets is exercised at the fund (e.g. General) and department (e.g. Police) level. The City Manager may make transfers of appropriations within a fund. Transfers of appropriations between funds, however, require the special approval of the City Council. Formal budgetary integration and encumbrance accounting are employed as management control devices during the year. Budget to actual comparisons are provided in this report for each individual governmental fund and proprietary funds for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 32 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund section of this report, which starts on page 90. Also included in the governmental fund section is project-length budget-to-actual comparisons for each governmental fund for which a project authorization budget has been adopted (i.e. Public Transportation). The proprietary fund budget to actual comparisons begins on page 103.

## FACTORS AFFECTING FINANCIAL CONDITION

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The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

**Local economy.** The City is the center of retail, manufacturing and financial services for a five county area of northeastern North Carolina. Rocky Mount is ranked as the 15<sup>th</sup> largest city in the state of North Carolina. While agricultural production and income in this area of the State will probably continue, the City has experienced a diversification to industrial activities over the last two decades. Financial institutions have also become a vital part of the Rocky Mount area. Ten financial institutions have offices in Rocky Mount.

Large corporations like RBC Centura Bank, Inc., Boddie-Noell Enterprises, and Meadowbrook Meat, Inc have their corporate headquarters in the City. Like most cities located on an interstate corridor in the southeastern United States, Rocky Mount has a thriving small business sector.

The unemployment rate for the Rocky Mount Metropolitan Statistical Area was 6.7% as of June 30, 2006 compared to last year's rate of 7.5%. The unemployment rate improved during the most recent fiscal year and it is expected that the rate will continue to improve due to the prospect of new industry locating to the area and the expansion of existing industries.

Other economic investments include the addition of Bluebridge Xethanol, Eagle Press, Blue Hawaiian Fiberglass Pools, R.W. & Able, Inc, Tarboro Textiles L.L.C., and Headway Corporate Resources, Inc. to the Rocky Mount and surrounding area. Bluebridge Xethanol is a cellulose based ethanol plant which will operate under the name Spring Hope BioFuels, L.L.C. and will locate in an existing 200,000 square foot facility in nearby Spring Hope in Nash County. Spring Hope BioFuels, L.L.C. will create 60 new jobs and invest \$50 million dollars. Eagle Press is an existing manufacturer of printed business materials that plans to expand its Nash County facility which will create 39 new jobs and invest \$1.77 million over the next three years. The expansion was made possible in part by a \$25,000 One North Carolina Fund grant. The One North Carolina Fund assists the state in recruiting and expanding quality jobs by providing financial assistance to business or industries deemed by the Governor to be vital to a healthy state economy. Blue Hawaiian Fiberglass Pools, headquartered in Largo, Florida will open a manufacturing facility in an available 50,000 square foot building in the Fountain Industrial Park in Rocky Mount in Edgecombe County. Blue Hawaiian Fiberglass Pools manufactures one-piece fiberglass swimming pools and spas with 200 distributors nationwide and in Canada. Blue Hawaiian Fiberglass Pools will receive a \$45,000 One North Carolina Fund grant. Tarboro Textiles L.L.C. plans to locate in nearby Tarboro in Edgecombe County. Tarboro Textiles L.L.C. is a newly formed textile workforce production service company that will provide the textile workforce to manage production operations at a former textile manufacturing facility in Tarboro that announced its plans to close in 2005. Tarboro Textiles L.L.C. will initially employ 62 employees with the intention of increasing the workforce to 140. Headway Corporate Resources, Inc., a leading human resources company, will move its corporate headquarters and central administrative offices from New York City to Raleigh, and will open a national recruitment center in Tarboro in Edgecombe County. The company ranks in the top 75 recruitment staffing companies worldwide. Headway Corporate Resources will create 139 jobs for our area and will make a local investment of approximately \$2.5 million over the next two years.



**Long-term financial planning.** The City has plans to revitalize the downtown community. Recent improvements include the addition of a new \$7.5 million public library, the construction of a \$30 million Cultural Arts Complex, and the opening of a senior citizen center. Along with these projects, the City has recently secured an innovative funding mechanism through a loan pool with area banks to be made available to business owners and investors for the downtown area. Over the next five years, the City plans to fund the downtown revitalization with \$1.5 million for repairs, facade grants, design costs, and streetscape. Within the downtown area, is a historic area known locally as the Douglas Block. There is \$2 million proposed funding over the next five years to revitalize this area of downtown. Funding for these projects will be a combination of debt financing, grants, and utilization of general revenues over a five year period.

The City's electric, gas, and water funds have a project to implement automated meter reading devices which will provide meter reading without gaining access to a customer's property. This project is underway and will be phased in over several years with a proposed cost of \$8.5 million. The City plans to fund the project by securing new debt. The City's newest enterprise fund is the storm water fund. The City is currently looking at projects for storm water planning and management. The master planning and improvement costs are projected to be \$7.7 million and will also be funded by new debt.

**Cash management policies and practices.** The deposits of the City are made in board-designated official depositories and are collateralized as required by State statute. The City maintains a pooled cash and investment account that is available for use by all funds, except those restricted by statutes or other legal reasons. Cash temporarily idle during the year was invested in the North Carolina Capital Management Trust, an SEC registered mutual fund, and money market funds held at banking institutions. All investments are immediately available. The average yield on all cash and investments was 4.03%. All of the City's investments at June 30, 2006 were classified in the lowest risk category as defined by the Governmental Accounting Standards Board. As of June 30, 2006, the City's cash resources were invested as follows:

Cash on hand	\$ 5.950	.01%
Cash in traditional bank accounts	14,293,713	38.33%
Money Market funds	8,505,809	22.81%
North Carolina Capital Management Trust	<u>14,487,076</u>	38.85%
Total	<u>\$37,292,551</u>	

**Risk Management-** The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City protects itself from potential loss through the purchase of commercial insurance for primary and/or excess coverage for individual claims exceeding specific amounts. The City retains the risk for claims below the specified amount. In addition to the excess coverage purchased, various risk control techniques are practiced by the City including employee safety programs, drug free workplace program with mandatory drug screening for new employees, pre-employment physicals, and a vehicle accident review board which are implemented to minimize accident-related losses. The City's insurance coverage and self-insured retentions are more fully described in note 12 of the financial statements.

**Pension and other postemployment benefits-** The City sponsors a single-employer defined benefit pension plan for its sworn law enforcement officers. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to eligible retired employees on a timely basis. The City is required by State statute to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis. The unfunded actuarial accrued liability is being amortized

as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2004 was 26 years.

The State of North Carolina contributes, on behalf on the City, to the Fireman's and Rescue Squad Workers' Pension Fund, which is a cost-sharing multiple-employer defined benefit pension plan. The State funds this plan through appropriations. Plan members, who are eligible fire personnel, are required to contribute \$10 per month. The City has no obligation in connection with employee benefits offered through this plan.

All permanent full-time City employees participate in the statewide North Carolina Local Government Employees' Retirement System, a multiple-employer, cost-sharing defined, benefit pension plan. The State of North Carolina administers the plan. Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate, which is 4.90% for employees not engaged in law enforcement and 4.78% for law enforcement officers.

All full-time employees of the City participate in the Supplemental Retirement Income Plan, a multiple-employer, defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. Eligible employees may make voluntary contributions. State statute requires that the City contribute 5% of annual covered salary for all law enforcement officers. The City makes a similar contribution for all other full-time employees equal to 4% of the employees covered salary.

The City provides postemployment health care benefits to retirees of the City who participate in the North Carolina Local Governmental Employees' Retirement System and who meet certain criteria that are more fully described in note 9 of the financial statements. Currently, 158 retirees are eligible for postretirement health benefits.

The City also provides death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System, a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. The City's contribution includes coverage for active employees and eligible retirees.

Additional information on the City's pension arrangements and postemployment benefits can be found in note 9 of the financial statements.

## **AWARDS AND ACKNOWLEDGEMENTS**

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The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rocky Mount, North Carolina for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. This was the eleventh consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement; the City published an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated June 30, 2005. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, and operations guide, and a communications device.

The preparation of this report would not have been possible without the assistance and dedication of the staff of the Finance Department. We would like to thank Cherry Bekaert & Holland L.L.P the City's independent auditors, for their assistance in preparing this report. In addition, we wish to express our appreciation to the Mayor and City Council for their continued support and leadership in conducting the financial affairs of the City.

Respectfully submitted,

Stephen W. Raper  
City Manager

S. Craig Kivett  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rocky Mount,  
North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

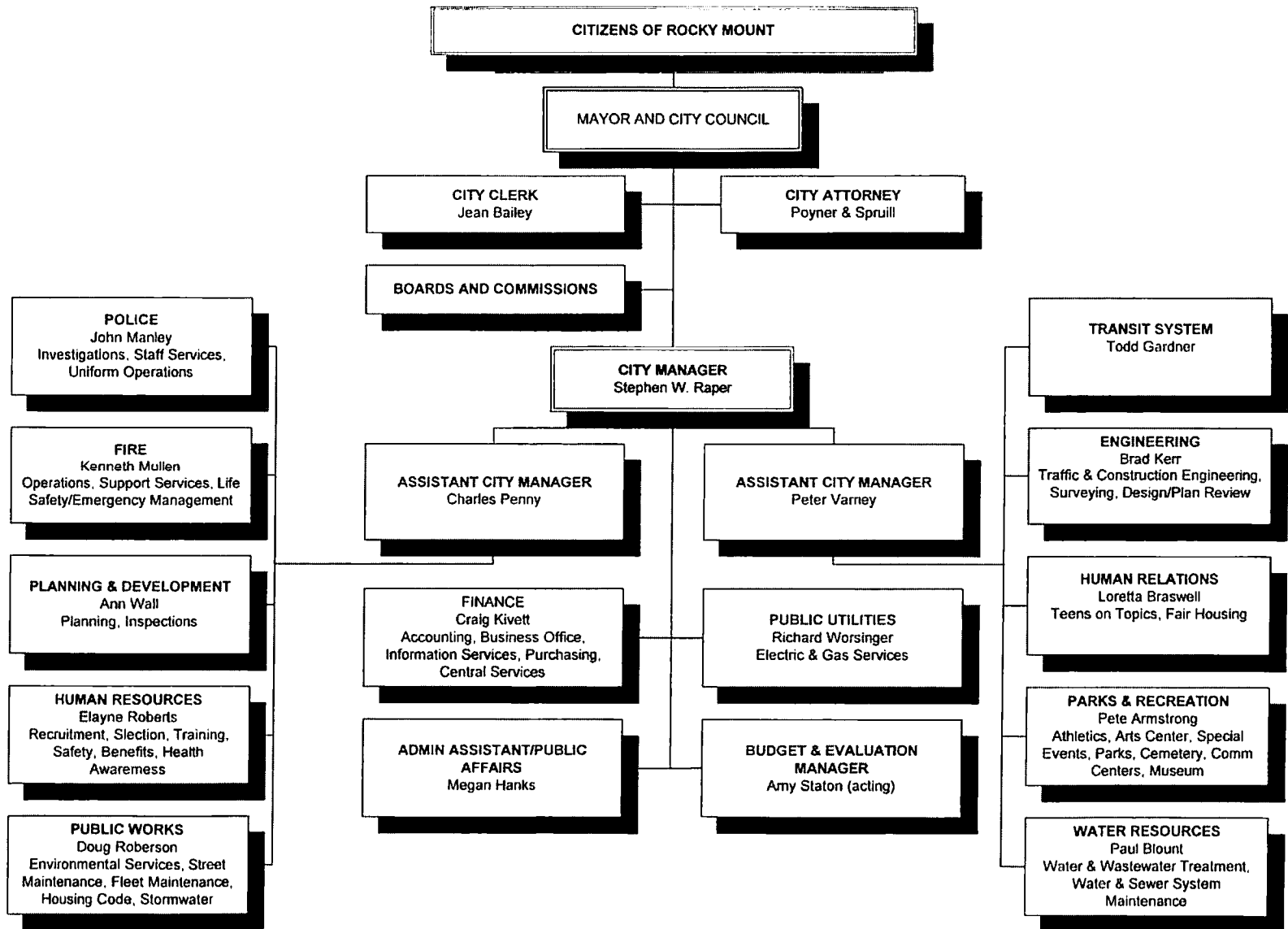


*Carla E. Perry*

President

*Jeffrey R. Emen*

Executive Director



# **CITY OF ROCKY MOUNT, NORTH CAROLINA**

## **LIST OF PRINCIPAL OFFICIALS JUNE 30, 2006**

### **CITY COUNCIL**

**Frederick E. Turnage, Mayor  
Andre D. Knight, Mayor Pro-tem**

**Angela R. Bryant**

**Reuben C. Blackwell, IV**

**W.B. Bullock**

**David W. Combs**

**Chris Miller**

**Lamont Wiggins**

### **CITY ADMINISTRATION**

**Stephen W. Raper, City Manager  
Charles W. Penny, Assistant City Manager  
Peter F. Varney, Assistant City Manager**

## **FINANCIAL SECTION**

- **Independent Auditors' Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Required Supplemental Financial Data**
- **Combining and Individual Fund Statements and Schedules**
- **Capital Assets Used in the Operation of Governmental Funds**
- **Other Supplemental Schedules**



## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and  
Members of City Council  
City of Rocky Mount  
Rocky Mount, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rocky Mount, North Carolina (the "City"), as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Rocky Mount Imperial Theatre "the Theatre". Those financial statements were audited by other auditors whose reports thereon have been furnished to us; and our opinion, insofar as it relates to the amounts included for the Theatre is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Theatre were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2006 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The management's discussion and analysis and the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress and Schedule of Employer Contributions are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, as well as the other supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures in our audit of the basic financial statements and, accordingly, we express no opinion on them.

**CHERRY, BEKAERT & HOLLAND, L.L.P.**

*Cherry, Bekaert & Holland L.L.P.*

Raleigh, North Carolina  
September 29, 2006

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



## Management's Discussion and Analysis

As management of the City of Rocky Mount, we offer readers of the City of Rocky Mount's financial statements this narrative overview and analysis of the financial activities of the City of Rocky Mount (the "City") for the fiscal year ended June 30, 2006. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative and the transmittal letter which is found in the Introductory section and begins on page 1.

### Financial Highlights

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- The assets of the City exceeded its liabilities at the close of the fiscal year by \$228,810,342. The assets of the governmental activities exceeded liabilities by \$106,063,710 and the assets of the business-type activities exceeded liabilities by \$122,746,632.
- The government's total net assets grew by 2.5% or an increase of \$5,663,572, primarily due to growth in business-type activities net assets.
- As of the close of the current fiscal year, the City's governmental type funds reported combined ending fund balances of \$24,534,126, a decrease of \$4,517,560 in comparison with the prior year. Approximately 43.1% of this total amount, or \$10,587,710, is available for spending at the government's discretion (*unreserved & undesignated fund balance*).
- As of the close of the current fiscal year, the City's business-type funds reported combined ending net assets of \$122,746,632, an increase of \$4,923,540. This 4% increase in business-type net assets is primarily due to increases in capital assets.
- At the end of the current fiscal year, total unreserved and undesignated fund balance for the General Fund was \$9,991,687, or 24.1% of total general fund expenditures for the fiscal year.
- The City maintained its A1 bond rating from Moody's Investors Services, and an A+ from Standard and Poor's Corporation for the 9th consecutive year.

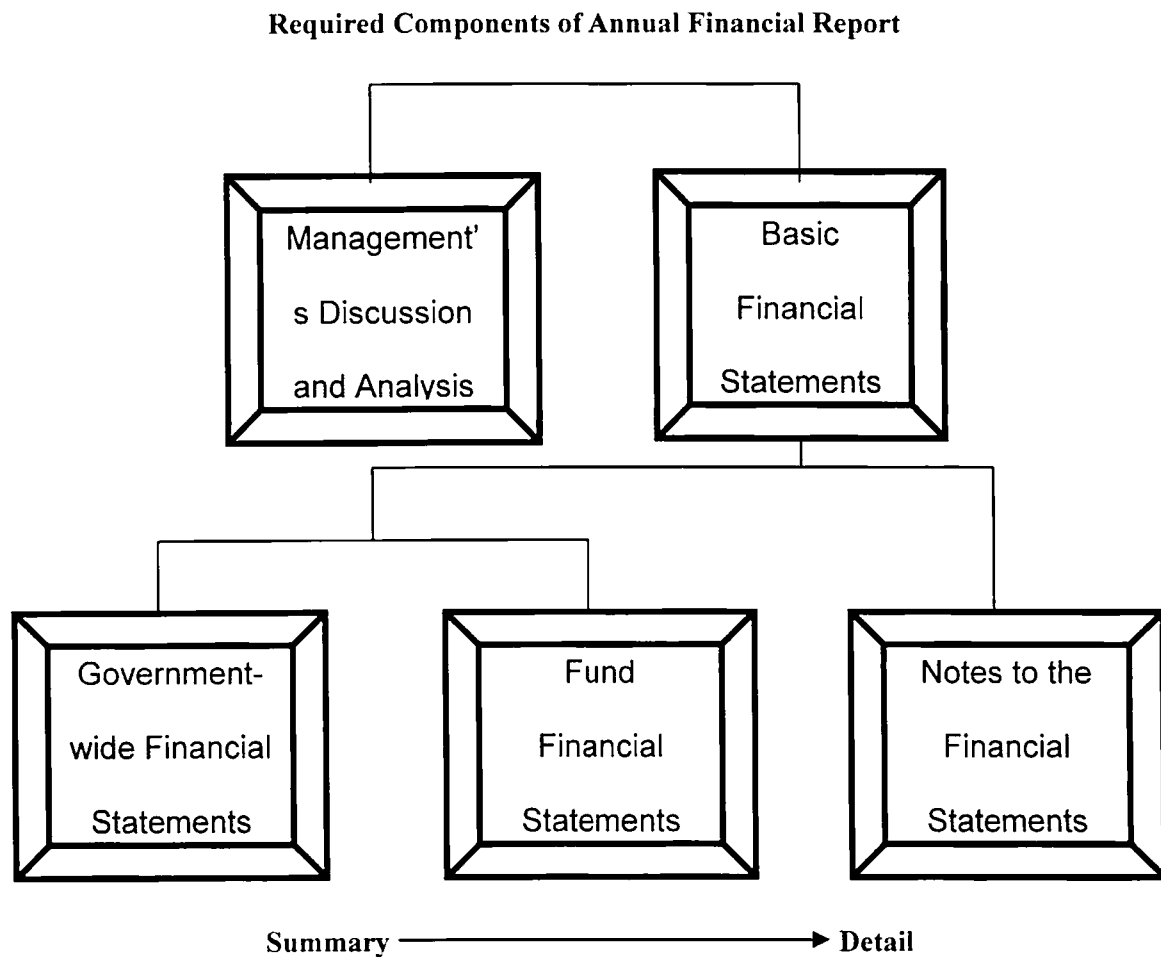
### Overview of the Financial Statements

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This discussion and analysis are intended to serve as an introduction to City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic

financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City.

**Figure 1:**



### **Basic Financial Statements**

The first two statements (pages 27 and 28) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (pages 29 through 40) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statement; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes and required supplemental financial data, **supplemental information** is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

## Government-Wide Financial Statements

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The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements are the *statement of net assets* and the *statement of activities*. Net assets are the difference between the City's total assets and total liabilities. Measuring net assets is one way to gauge the City's financial condition. Over time, increases or decreases in net assets help determine whether the City's financial position is improving or deteriorating. The *statement of activities* presents information which shows how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include the City's basic services which are public safety, public works, public service, parks and recreation, engineering, planning and development, and general administration that are principally supported by taxes and intergovernmental revenues. The business-type activities are those that the City charges user fees to recover all or a significant portion of their costs. These include the electric, gas, water, sewer and storm water services offered by the City. The final category is the component unit. Although legally separate from the City, the City of Rocky Mount Theatre LLC is important to the City because the City exercises control over the advisory board by appointing members.

The government-wide financial statements are on pages 27 and 28.

## Fund Financial Statements

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The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like all other governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash inflow and outflow, and what monies are left at year-end that will be available for spending in the next year. Such information may be useful in evaluating the City's near-term financing requirements. Governmental funds are reported using an accounting method called modified accrual accounting that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the *statement of net assets* and the *statement of activities*) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the City Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statements have been provided to demonstrate how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the City Council; 2) the final budget as amended by the City Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds** – the City maintains five enterprise funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, gas, water, sewer, and storm water activities. These funds are the same as those functions shown in the business-type activities in the *statement of net assets* and the *statement of activities*. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of City. The City uses an internal service fund to account for one activity – its self-insured health care. The internal service fund has been included within both the governmental and business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Proprietary fund financial statements provide separate information for the electric, gas, water, sewer and storm water activities. With the exception of the storm water fund, all other proprietary funds are considered to be major funds of the City.

**Agency funds** – Agency funds are used to account for resources held for the benefit of parties outside the government. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for agency funds is much like that used for proprietary funds.

## Notes to the Financial Statements and Other Information

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**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 41 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 79 of this report.

## Government-Wide Financial Analysis of the City of Rocky Mount

### Net Assets

The following (Figure 2) reflects condensed information on the City's net assets.

Figure 2:

### The City of Rocky Mount's Statement of Net Assets

	Governmental Activities 2006	Governmental Activities 2005	Business-Type Activities 2006	Business-Type Activities 2005	Total 2006	Total 2005
Current and other assets	\$ 33,715,191	\$ 38,181,506	\$ 33,872,488	\$ 31,619,634	\$ 67,587,679	\$ 69,801,140
Capital assets	95,889,234	93,376,710	119,136,330	115,998,988	215,025,564	209,375,698
<b>Total assets</b>	<b>129,604,425</b>	<b>131,558,216</b>	<b>153,008,818</b>	<b>147,618,622</b>	<b>282,613,243</b>	<b>279,176,838</b>
Long-term liabilities	18,227,551	19,677,762	17,754,434	18,992,058	35,981,985	38,669,820
Other liabilities	5,313,164	6,556,776	12,507,752	10,803,472	17,820,916	17,360,248
<b>Total liabilities</b>	<b>23,540,715</b>	<b>26,234,538</b>	<b>30,262,186</b>	<b>29,795,530</b>	<b>53,802,901</b>	<b>56,030,068</b>
<b>Net assets:</b>						
Invested in capital assets,						
net of related debt	81,060,633	76,857,173	101,764,488	97,762,992	182,825,121	174,620,165
Restricted	6,598,151	11,508,838	-	-	6,598,151	11,508,838
Unrestricted	18,404,926	16,957,667	20,982,144	20,060,100	39,387,070	37,017,767
<b>Total net assets</b>	<b>\$ 106,063,710</b>	<b>\$ 105,323,678</b>	<b>\$ 122,746,632</b>	<b>\$ 117,823,092</b>	<b>\$ 228,810,342</b>	<b>\$ 223,146,770</b>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the City exceeded liabilities by \$ 228,810,342 as of June 30, 2006. The City's net assets increased by \$5,663,572 for the fiscal year ended June 30, 2006. A portion of this amount \$1,312,519 represents an adjustment related to the prior year. Information regarding this adjustment can be found in Note 24. The largest portion of net assets (79%) reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City's net assets (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (18%) may be used to meet the government's ongoing obligations to citizens and creditors.

Several particular aspects of the City's financial operations influenced the change in total net assets:

- There are three components of net assets: capital assets, restricted, and unrestricted. There was an increase of \$8,204,956 in the category of net assets for invested in capital assets. The increase in investment in capital assets represents 4.5% of total current year expenses. Since total net assets grew by \$5,663,572 or 3.2% of total current year expenses, the majority of the increase in net assets growth is due to the growth in capital assets. Restricted net assets decreased by \$4,910,687 and unrestricted net assets grew by \$5,540,068 compared to the prior year. For the most part, restricted net assets were converted to capital assets by utilizing restricted escrow funds for the intended purpose of acquiring capital assets.
- The total increase in net assets of \$5,663,572 was influenced by an increase in charges for service revenue. Service revenue increased 7.2% over the prior year primarily due to increases of natural gas sales. Natural gas sales revenue was up due to rate increases as opposed to consumption. Consumption was down due to a warm winter season. During fiscal year 2006, the price of natural gas continued to rise and some of the increase in market costs were passed on to the City's natural gas customers. While sales increased in natural gas, the gross profit declined by nearly \$2 million because of the intentional absorption of some of the wholesale power costs. During the volatility of the gas market, the City spent conservatively in order to mitigate the impact of the rising cost of natural gas purchases. This strategy helped to preserve and build the net assets of the business-type activities. The electric fund had an increase in sales of 7% over the prior year that was offset by similar increases of 8.9% in electric wholesale power costs. The electric fund increased net assets by \$3 million. Most of this increase relates to funded electric projects that were not completed in fiscal year 2006 and have been re-appropriated in the next fiscal year. The excess funds are therefore committed for projects which are underway.
- The increase in net assets was influenced by growth in local option sales tax revenue of \$504,490 or 5% over the prior year. Sales taxes are an indicator that the local economy is improving. The increase was further influenced by new fees for fire permits amounting to \$99,370. Additionally, with the improvement in interest rates, the City's investment returns have increased \$1,076,221 or 141% over the prior year.
- The City diligently continues to collect property taxes. The City's tax collection percentage is 95.61% which is comparable to the statewide average of 97.12% for other municipalities with an electric system and with a similar population. The statewide collection percentage is based on 2005 statewide data and is the most recent published percentage.



## Changes in Net Assets

The City's total revenues and expenses for governmental and business-type activities are reflected in Figure 3.

Figure 3:

### City of Rocky Mount Changes in Net Assets

	Governmental Activities		Business-type Activities		Total		Imperial Centre	
	2006	2005	2006	2005	2006	2005	2006	2005
<b>Revenues:</b>								
Program revenues:								
Charges for services	\$ 7,754,181	\$11,980,862	\$ 132,262,795	\$118,613,334	\$140,016,976	\$130,594,196	\$ -	\$ -
Operating grants and contributions	6,979,532	11,716,912	50,000	-	7,029,532	11,716,912		3,675,205
Capital grants and contributions	3,435,584	-	101,379	56,385	3,536,936	56,385	852,039	2,866,289
General revenues:								
Property taxes	15,539,062	15,473,269	-	-	15,539,062	15,473,269	-	-
Other taxes	15,487,115	12,507,976	-	-	15,487,115	12,507,976	-	-
Other	547,371	2,122,264	884,326	190,001	1,431,697	2,312,265	20,755	-
<b>Total Revenues</b>	<b>49,742,845</b>	<b>53,801,283</b>	<b>133,298,500</b>	<b>118,859,720</b>	<b>186,503,705</b>	<b>172,661,003</b>	<b>872,794</b>	<b>6,541,494</b>
<b>Expenses:</b>								
General Government	5,134,845	6,042,747	-	-	5,134,845	6,042,747	-	-
Public safety	20,571,641	19,056,350	-	-	20,571,641	19,056,350	-	-
Parks and Recreation	9,217,034	11,170,909	-	-	9,217,034	11,170,909	-	-
Public Works	8,603,044	7,154,328	-	-	8,603,044	7,154,328	-	-
Engineering	939,634	1,141,096	-	-	939,634	1,141,096	-	-
Public Service	3,354,839	4,861,481	-	-	3,354,839	4,861,481	-	-
Emergency Management	-	2,263,801	-	-	-	2,263,801	-	-
Hazard Mitigation	344,245	93,386	-	-	344,245	93,386	-	-
Community Revitalization	2,690,132	2,702,468	-	-	2,690,132	2,702,468	-	-
Interest on long-term debt	1,106,418	314,257	-	-	1,106,418	314,257	-	-
Electric	-	-	74,817,488	68,657,738	74,817,488	68,657,738	-	-
Gas	-	-	30,983,889	24,556,908	30,983,889	24,556,908	-	-
Water	-	-	8,499,790	8,289,814	8,499,790	8,289,814	-	-
Sewer	-	-	9,826,701	9,813,137	9,826,701	9,813,137	-	-
Storm Water	-	-	2,600,592	2,483,293	2,600,592	2,483,293	-	-
Other	-	-	-	-	-	-	-	3,249,500
Component unit	-	-	-	-	-	-	99,747	
<b>Total Expenses</b>	<b>51,961,832</b>	<b>54,800,823</b>	<b>126,728,460</b>	<b>113,800,890</b>	<b>178,690,292</b>	<b>168,601,713</b>	<b>99,747</b>	<b>3,249,500</b>
Increase in net assets before transfers	(2,218,987)	(999,540)	6,570,040	5,058,830	4,351,053	4,059,290	773,047	3,291,994
Transfers	1,646,500	1,446,406	(1,646,500)	(1,446,406)	-	-	-	-
Capital Contributions	-	100,388	-	-	-	100,388	-	-
Increase in Net Assets	(572,487)	547,254	4,923,540	3,612,424	4,351,053	4,159,678	773,047	3,291,994
Net Assets, July 1, as previously stated	105,323,678	104,776,424	117,823,092	114,210,668	223,146,770	218,987,092	100	3,291,994
Prior period adjustment	1,312,519	-	-	-	1,312,519	-	-	3,291,894
<b>Net Assets, July 1, as restated</b>	<b>106,636,197</b>	<b>104,776,424</b>	<b>117,823,092</b>	<b>114,210,668</b>	<b>224,459,289</b>	<b>218,987,092</b>	<b>100</b>	<b>-</b>
<b>Net Assets, June 30</b>	<b>\$106,063,710</b>	<b>\$105,323,678</b>	<b>\$122,746,632</b>	<b>\$117,823,092</b>	<b>\$228,810,342</b>	<b>\$223,146,770</b>	<b>\$773,147</b>	<b>\$ 100</b>

**Governmental activities.** Governmental activities increased the City's net assets by \$740,032, thereby accounting for 13% of the total growth in the net assets of the City. Key elements of the current year governmental activities change in net assets are as follows:

- Charges for service decreased \$4,226,681 (35%). The most notable item is an expense recovery in the prior year that did not occur in the current year amounting to \$1.2 million. There were also reductions in sources of revenue for the Imperial Centre and theatre construction projects as these projects were completed mid-year.
- Operating grants and contributions decreased \$4,737,380 (40%) over the prior year primarily due to funding received in the prior year in the amount of \$1.8 million from the Federal Transit Administration for the purpose of purchasing seven buses. There was no similar source of revenue in the current year.
- Total expenditures for governmental activities increased \$2,838,991 (5%). Parks and recreation activities increased expenditures by \$1,953,875. Expenditures were incurred for the construction of several parks and recreation projects including the sports complex, the Imperial Centre, the Senior Citizens Center, BBQ Park, and improvements to existing parks. Public safety activities increased expenditures by \$1,515,291 mostly due to staffing of vacant positions, overtime required while newly hired staff was trained, and the replacement of public safety vehicles. Public works increased expenditures by \$1,448,716 due to increased efforts for housing code enforcement and increased cost of solid waste disposal. Almost all other activities had decreases in expenditures which when combined totaled a decrease of \$3,849,123 for the remaining governmental activities.

**Figure 4:**

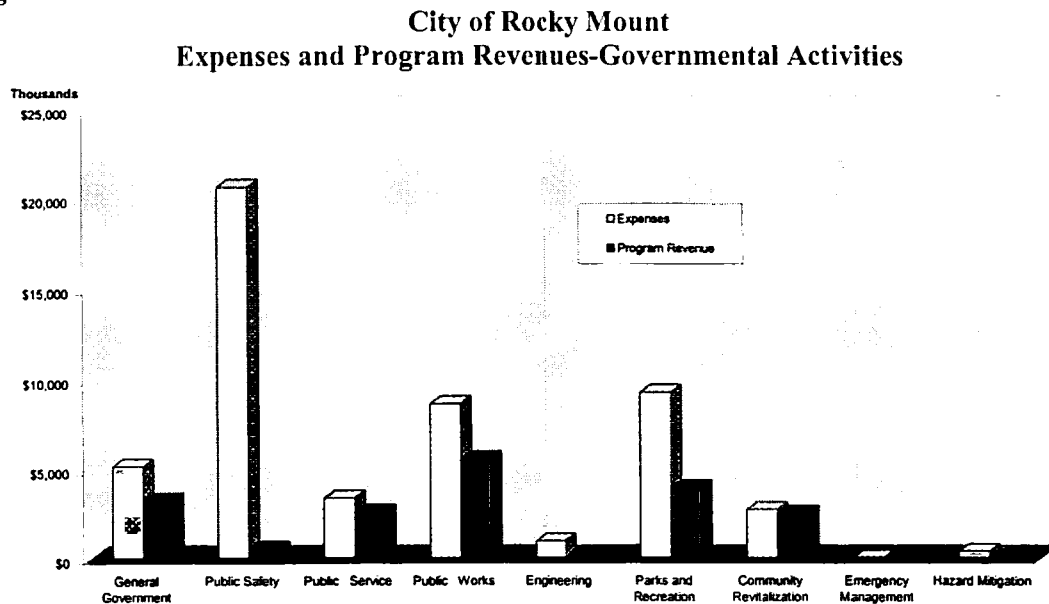
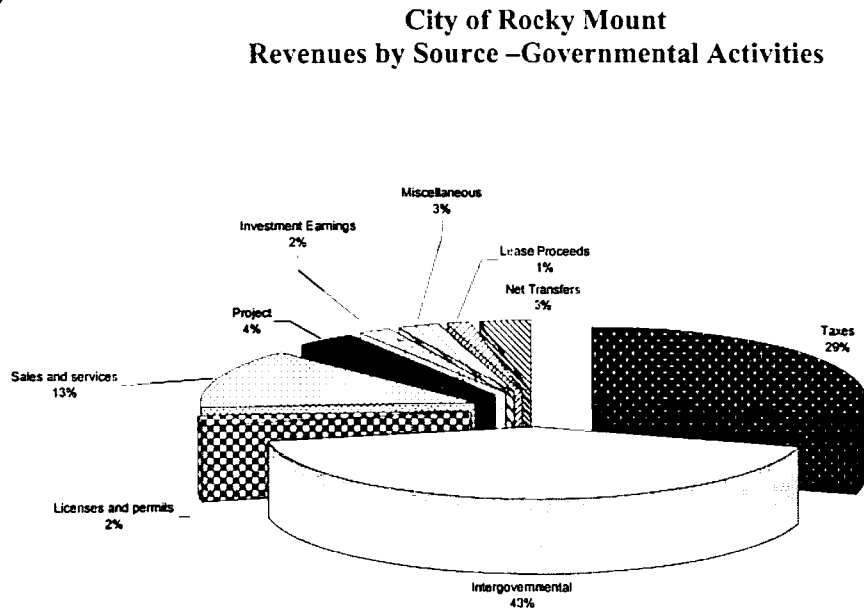


Figure 5:

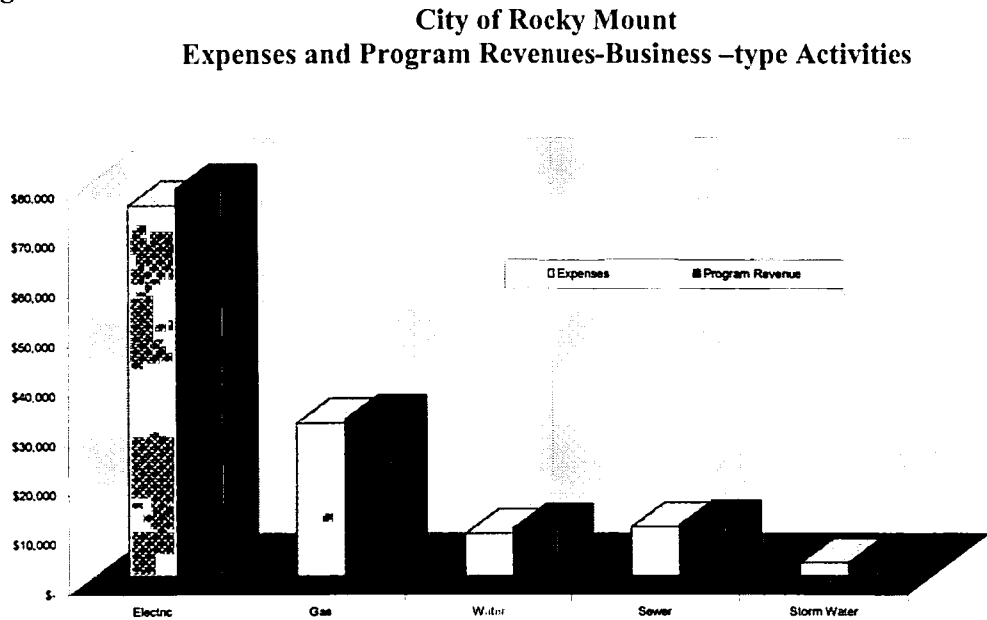


**Business-type activities:** Business-type activities increased the City's net assets by \$4,923,540, representing 87% of the growth in the City's total net assets. Key elements of the current year's activities are as follows:

- Charges for services for business-type activities increased by a combined 12% over the prior year. Electric revenue increased 11% primarily due to rate increases. Natural gas revenue increased 17% over the prior year due to the increased cost of natural gas, which resulted in market rate increases for our customers. Water revenue increased 5% over the prior year due to an 8% increase in rates. Sewer revenue increased 11% over the prior year due to a 10% rate increase. There was no notable change in Stormwater revenue.
- The business-type activities entered into new installment debt financing. The stormwater fund received \$210,000 for new equipment and the electric fund received \$1,491,000 for equipment, the construction of a point of delivery station, and upgrades to a substation. The City also entered into a revolving loan agreement with the North Carolina Department of Environment and Natural Resources, Division of Water Quality for the replacement and upgrade of equipment at the City's wastewater treatment plant. The amount drawn on this loan for the current year was \$631,211.
- Operating expenditures for business-type activities increased a combined 11% over the prior year. Electric operating expenses increased 9% primarily due to the increased cost of purchased power. The natural gas operating expenses increased 26% due to the increased cost of purchased natural gas. Expenditures for water increased 3% mostly due large capital projects that are underway such as improvements to both water plants and significant projects to extend water lines. Expenditures for sewer and stormwater services increased 0.1 % and 4.7% due to general inflationary increases in the price of overall operating expenses.

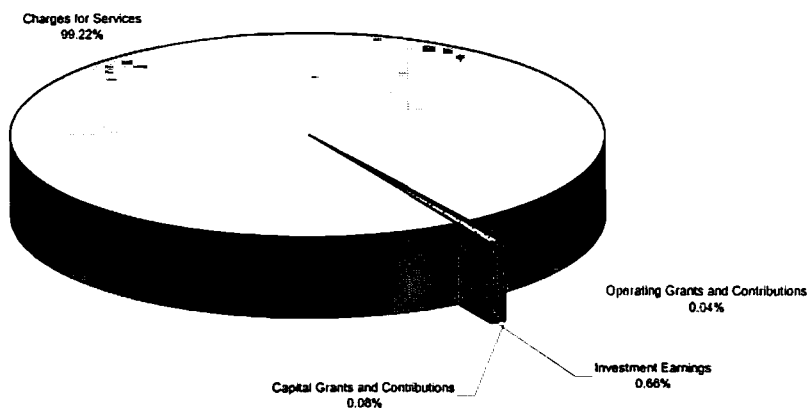
- The business-type activities transferred net funds to the general fund totaling \$1,646,500.
- The net change in assets for all business-type activities for the current fiscal year was an increase of \$4,923,540. With the exception of the gas funds, all other business-type operations resulted in net operating income. The increased cost of power and natural gas resulted in increased rates to customers in order to remain a viable utility.

**Figure 6:**



**Figure 7:**

**City of Rocky Mount  
Revenues by Source –Business-type Activities**



## Financial Analysis of the City's Funds

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As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's combined governmental funds reported combined ending fund balances of \$24,534,126, a decrease of \$4,517,560 in comparison with the prior year. Of this amount, \$10,587,710 is unreserved fund balance. A portion of the unreserved fund balance is designed for subsequent year's expenditures. The unreserved fund balance that is undesignated is available for spending at the government's discretion. This amount is \$9,824,440 or 40.0% of the total fund balance. The remainder of fund balance is not available for new spending because it has already been committed.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$10,754,957, while total general fund balance was \$17,935,975. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 26.0% of total General Fund expenditures, while total fund balance represents 43.4% of that same amount.

At June 30, 2006, the governmental funds of the City reported a combined fund balance of \$24,534,126, a 15% decrease over last year. Included in this change in fund balance are increases in fund balance in the General and most Special Revenue Funds. Within the Special Revenue funds, the Occupancy Tax Fund's fund balance decreased because funds were used to pay an obligation with the local YMCA. Fund balance also decreased in Public Transportation as costs to provide the service have outpaced grant reimbursements and fees charged to provide the service. The General Capital Development Project Fund's fund balance decreased as a result of converting fund balance into capital assets as a result of using restricted funding to construct the sports complex.

**General Fund Budgetary Highlights:** During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

The actual operating revenues for the General Fund were less than the budget amount by \$611,172. Tax revenue was \$228,934 less than budget due to a change in the counties' assessment of certain vehicle taxes. Vehicle tax payments were accelerated in the previous year and were on a regular schedule in the current year. The City was unaware of this change and consequently based the budget on prior year payment history which was temporarily inflated. Sales and services were \$1,053,051 less than budget due to a clerical error in the budget which

overestimated transfer station revenues by \$800,000. In the first quarter of the fiscal year, the City realized that the budgeted revenues were overestimated by approximately \$1 million dollars. To correct the problem, the general fund departmental budgets were reduced and the amount overstated was placed in the finance department as a reserved budgetary line item that could not be spent. Finance department expenditures are well under budget because this reserved and unspent budget is included within its total budget. Investment earnings for the general fund exceeded the budget by \$331,237 due to better return on investments. All other general fund revenues were comparable to the budgeted estimates.

The actual operating expenses for the General Fund were less than the budget amount by \$4,119,882. The most significant savings were realized due to money appropriated to projects that were unspent at fiscal year end. The Finance department has expenditures less than the budget of \$1,879,745. Of this amount, approximately \$1 million was intended to be unspent to balance the revenue shortfall; another \$300,000 is for a combination of staff vacancies and reduction in spending. Within finance, funds were allocated to continue the implementation of software and the project is still underway. Of the amount allocated \$581,677 was unspent and will be re-appropriated to 2007. There were savings in the police department due to vacancies that were not filled amounting to approximately \$300,000. The City experienced a reduction in utilization of the transfer station which resulted in approximately \$200,000 of tonnage fees that were not paid for disposal of waste. There was savings in several functions for capital items that were unspent, but were appropriated to fiscal year 2007. A total of \$763,230 was unspent and appropriated to the next fiscal year.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets at the end of the fiscal year amounted to \$6,384,032 for the Electric Fund, \$4,362,685 for the Gas Fund, \$5,734,613 for the Water Fund, \$2,734,402 for the Sewer Fund, and \$1,651,328 for the Storm Water Fund. The total growth or (use) of net assets for each fund was \$2,975,125, (\$64,604), \$852,824, \$569,317, and \$850,279 respectively. The use of net assets in the gas fund was a due to the absorption of some of the increased cost of wholesale natural gas purchases that was not passed on to the City's customers. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

## **Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2006, totals \$215,025,564 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, vehicles, and infrastructure for electric, gas, water, sewer and storm water services.

Major capital asset transactions during the year include the following additions:

### **Governmental Funds:**

#### **Additions**

- Improvements to streets \$721,762
- Senior Center facility \$2,000,000. Total expended over the life of the project \$3,000,000.
- Thirteen public safety vehicles \$280,242
- Three garbage trucks \$493,993
- Two meter reading trucks, four public works trucks, and two engineering trucks \$207,705

- Fifteen public transit vans \$456,730
- Animal habitats at Children's Museum \$338,965
- Completion of Independence Drive \$309,795. Total expended over the life of the project \$1,173,485.
- Construction in progress for the Sports Complex \$3,886,359. Total expended over the life of the project \$8,854,345.
- Construction in progress for street improvements to Carr Street \$178,156

#### Proprietary Funds:

##### Additions

- Two international trucks \$139,510
- Eight utility trucks and one cargo van \$169,412
- Two excavators and one backhoe tractor \$155,040
- One international street sweeper \$125,478
- Trunked radio system upgrade \$263,098
- Circuit breakers \$232,727
- Utility wire and cable \$127,479
- Transformers and utility poles \$169,205
- Utility meters \$505,645
- Upgrade to gas mains \$744,369
- Improvements to water system \$679,139
- Steel clarifiers for sewer facility \$349,000. Total expended over the life of the project \$869,000.
- Improvements to the sewer system \$132,660
- Construction in progress for sewer improvements to Woodruff Road \$124,776
- Construction in progress for Point of Delivery Station upgrade \$670,663
- Construction in progress for distribution feeder substation #6 \$180,021
- Construction in progress for electrical conversion at water treatment facility \$616,139
- Construction in progress for lab and office expansion at sewer facility \$871,632
- Construction in progress for digester and mixing aeration at sewer facility \$543,272

Figure 8:

#### City of Rocky Mount's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 6,169,329	\$ 6,151,532	\$ 1,018,399	\$ 1,029,666	\$ 7,187,728	\$ 7,181,198
Building	38,476,665	34,864,376	39,572,794	40,613,833	78,049,459	75,478,209
Improvements other than buildings	6,652,897	5,547,733	4,403,858	4,873,935	11,056,755	10,421,668
Machinery and equipment	8,959,500	8,173,854	15,547,824	13,827,357	24,507,324	22,001,211
Infrastructure	26,494,289	25,367,234	-	-	26,494,289	25,367,234
Distribution and collection systems	-	-	55,546,729	54,700,427	55,546,729	54,700,427
Construction in progress	9,136,554	13,271,981	3,046,726	953,770	12,183,280	14,225,751
<b>Total Capital Assets (net of accumulated depreciation)</b>	<b>\$ 95,889,234</b>	<b>\$ 93,376,710</b>	<b>\$ 119,136,330</b>	<b>\$ 115,998,988</b>	<b>\$ 215,025,564</b>	<b>\$ 209,375,698</b>

Additional information on the City's capital assets can be found in note 5 of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2006, the City had total bonded debt outstanding of \$7,190,033 (net of deferred amount on refunding). All of the bonded debt is related to Proprietary Fund operations and is considered to be self-supporting. The City also enters into installment lease financing arrangements which have 3 – 10 year terms. Both the governmental and business-type activities have installment leases payable.

**Figure 9:**

**City of Rocky Mount's  
Outstanding Debt  
General Obligation Bonds and Installment Lease Payable**

	Governmental		Business-type		Total	
	Activities		Activities			
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$ -	\$ -	\$ 7,190,033	\$ 9,016,657	\$ 7,190,033	\$ 9,016,657
Installment lease payable	14,828,601	16,518,537	8,987,479	9,219,339	23,816,080	25,737,876
Total	\$ 14,828,601	\$ 16,518,537	\$ 16,177,512	\$ 18,235,996	\$ 31,006,113	\$ 34,754,533

The City's total bonded debt decreased by \$1,826,624 (20%) during the past fiscal year, due to principal payments on existing bonded debt. No new bonded debt was issued.

As mentioned in the financial highlights section of this document, the City maintained for the 9<sup>th</sup> consecutive year, its A1 bond rating from Moody's Investor Service and A+ rating from Standard and Poor's Corporation. This bond rating is a clear indication of the sound financial condition of the City and contributes to keeping interest costs low on the City's outstanding debt.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City is \$245,446,398.

Additional information regarding the City's long-term debt can be found in note 6 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The following are key economic indicators of the City. These factors have been considered when preparing the budget for fiscal year 2007.

- The unemployment rate for the Rocky Mount Metropolitan Statistical Area was 6.7% at June 30, 2006. The unemployment rate has declined for the 4<sup>th</sup> consecutive year from its highest at June 30, 2002 of 10.4%.
- Inflationary trends in the region compare favorably to national indices.
- Sales tax revenue increased 9% over the prior year.



## **Budget Highlights for the Fiscal Year Ending June 30, 2007**

**Governmental Activities:** The governmental fund's primary revenue resources are property taxes and intergovernmental revenues. For the fiscal year ending June 30, 2007, the budget increased 4% over the prior year original budget. The City's budget contains several revenue sources that are dependent on the general economy. Among these are sales taxes, property tax, interest income, and permit fees. Most revenues have little to no growth. Some State-shared revenues are expected to decline. A 4-cent ad valorem tax increase was originally recommended and a 5-cent increase was approved. There is an expected 1.5% growth in Powell Bill proceeds. The City expects continued growth of sales tax and an increase of 4.5% is budgeted. Fees for the City's municipal transfer station were increased an overall 7.2%. Fees for residential solid waste pickup services were increased 11% and commercial fees were increased 18%. With this in mind, the budget was increased, but is sufficient to provide services at existing levels and was increased to cover operational costs and planned capital improvements.

Budgeted expenditures in the governmental activities also increased 4%. The largest increments are in employee compensation, including funding compensation and benefits. The cost of employee health insurance continues to increase. We are holding 20 vacant positions in the general fund; an increase of 3 positions from the prior year. Unavoidable increases occur in communications, utilities, and fuel expenses. The operations costs for the Imperial Centre, Sports Complex, and Senior Citizens Center increase the budgeted expenditures in 2007 by \$1.7 million. Capital project funding was limited; however, there is funding to replace ten patrol vehicles, various repairs to City facilities, continued renovation to fire station 6 to remedy water and mold problems, the replacement of the work floor at the Solid Waste Transfer Station, and funding for improvements to parks .

**Business-type Activities:** The business-type funds' budget increased 1.5% for the fiscal year ending June 30, 2007. Rate increases were necessary in some funds to cover increased cost of operations. There is no electric or gas rate increases for fiscal year ending June 30, 2007; however, increases are expected if the City's suppliers increase their rates. There is no increase to water and stormwater rates. Sewer rates increased 5% to cover operating needs and to service existing debt. Other revenue sources for each of these funds include interest income, installment debt financing, and assessments. These revenue sources are not expected to have growth in the next fiscal year.

Budgeted expenses increased 1.5%. The largest increases are in the cost of purchased power, purchased gas, and employee compensation and benefits. The cost of employee health insurance continues to increase. We are holding 8 positions vacant in the public utilities, water resources, and Stormwater funds. This is an increase of 1 over the prior year. Capital projects were limited. Funding is provided for distribution system improvements, utility GIS and dispatching system improvements, installation of automated meter reading equipment, new gas lines and equipment, improvements to the SCADA data acquisition and control system used by the water fund, water and sewer extensions, and continued rehabilitation of existing sewer mains.

### **Requests for Information**

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This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, City of Rocky Mount, PO Box 1180, Rocky Mount, NC 27802.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**June 30, 2006**

	Governmental Activities	Business Type Activities	Total	Imperial Theatre
<b>ASSETS:</b>				
<b>Current assets:</b>				
Cash and cash equivalents/investments	\$ 17,862,611	\$ 13,252,272	\$ 31,114,883	\$ 425,518
Restricted cash and investments	995,781	4,807,555	5,803,336	205,342
Receivables, net of allowance for uncollectible accounts:				
Ad valorem taxes	1,426,263	-	1,426,263	-
Taxes - other	7,293	-	7,293	-
Customers	623,424	13,293,461	13,916,885	-
Other governmental agencies	6,643,767	-	6,643,767	852,039
Due from component unit	480,519	-	480,519	-
Notes receivable	-	13,664	13,664	-
Assessments	1,112,709	338,006	1,450,715	-
Other	2,257,183	1,053,002	3,310,185	-
Inventories	297,096	1,060,189	1,357,285	-
<b>Total current assets</b>	<b>31,706,646</b>	<b>33,818,149</b>	<b>65,524,795</b>	<b>1,482,899</b>
<b>Capital assets:</b>				
Capital assets, non-depreciable	15,305,883	4,065,125	19,371,008	9,024,929
Capital assets, depreciable, net of accumulated depreciation and amortization	80,583,351	115,071,205	195,654,556	-
<b>Total capital assets</b>	<b>95,889,234</b>	<b>119,136,330</b>	<b>215,025,564</b>	<b>9,024,929</b>
<b>Noncurrent assets:</b>				
<b>Receivables:</b>				
Notes receivable	2,008,545	-	2,008,545	-
Other Assets	-	-	-	62,665
Unamortized bond issuance costs	-	54,339	54,339	-
<b>Total noncurrent assets</b>	<b>2,008,545</b>	<b>54,339</b>	<b>2,062,884</b>	<b>62,665</b>
<b>Total assets</b>	<b>129,604,425</b>	<b>153,008,818</b>	<b>282,613,243</b>	<b>10,570,493</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Current maturities of long-term debt	2,319,363	3,609,311	5,928,674	-
Accrued compensation absences and other accrued liabilities	1,465,624	398,815	1,864,439	-
Due to primary government	-	-	-	852,039
Accounts payable and accrued expenses	2,830,087	8,804,839	11,634,926	644,444
Unearned revenue	163,714	-	163,714	-
<b>Total current liabilities</b>	<b>6,778,788</b>	<b>12,812,965</b>	<b>19,591,753</b>	<b>1,496,483</b>
<b>Non current liabilities:</b>				
Deposits	281,487	3,492,030	3,773,517	-
Unearned revenue	2,008,545	-	2,008,545	-
Accrued compensation absences and other accrued liabilities	1,258,313	194,660	1,452,973	-
Long-term debt	13,213,582	13,762,531	26,976,113	8,300,863
<b>Total noncurrent liabilities</b>	<b>16,761,927</b>	<b>17,449,221</b>	<b>34,211,148</b>	<b>8,300,863</b>
<b>Total liabilities</b>	<b>23,540,715</b>	<b>30,262,186</b>	<b>53,802,901</b>	<b>9,797,346</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	81,060,633	101,764,488	182,825,121	724,066
Restricted for:				
Special Revenue	4,375,288	-	4,375,288	-
Capital projects	2,222,863	-	2,222,863	205,342
Unrestricted	18,404,926	20,982,144	39,387,070	(156,261)
<b>Total net assets</b>	<b>\$ 106,063,710</b>	<b>\$ 122,746,632</b>	<b>\$ 228,810,342</b>	<b>\$ 773,147</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2006**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Imperial Theatre
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 5,134,845	\$ 1,183,833	\$ 1,799,100	\$ 221,676	\$ (1,930,236)	\$ -	\$ (1,930,236)	\$ -
Public safety	20,571,641	375,831	140,554	-	(20,055,256)	-	(20,055,256)	-
Public works	8,603,044	5,521,528	-	-	(3,081,516)	-	(3,081,516)	-
Engineering	939,634	-	-	-	(939,634)	-	(939,634)	-
Parks and recreation	9,217,034	667,022	-	3,213,908	(5,336,104)	-	(5,336,104)	-
Public service	3,354,839	5,967	2,549,311	-	(799,561)	-	(799,561)	-
Hazard mitigation	344,245	-	-	-	(344,245)	-	(344,245)	-
Community revitalization	2,690,132	-	2,490,567	-	(199,565)	-	(199,565)	-
Interest on long-term debt	1,106,418	-	-	-	(1,106,418)	-	(1,106,418)	-
Total governmental activities	<u>51,961,832</u>	<u>7,754,181</u>	<u>6,979,532</u>	<u>3,435,584</u>	<u>(33,792,535)</u>	<u>-</u>	<u>(33,792,535)</u>	<u>-</u>
Business-type activities:								
Electric	74,817,488	78,174,288	50,000	-	-	3,406,800	3,406,800	-
Gas	30,983,889	31,684,789	-	-	-	700,900	700,900	-
Water	8,499,790	9,497,931	-	21,853	-	1,019,994	1,019,994	-
Sewer	9,826,701	10,232,023	-	79,526	-	484,848	484,848	-
Storm Water Management	2,600,592	2,673,764	-	-	-	73,172	73,172	-
Total business-type activities	<u>126,728,460</u>	<u>132,262,795</u>	<u>50,000</u>	<u>101,379</u>	<u>-</u>	<u>5,685,714</u>	<u>5,685,714</u>	<u>-</u>
Total primary government	<u>\$ 178,690,292</u>	<u>\$ 140,016,976</u>	<u>\$ 7,029,532</u>	<u>\$ 3,536,963</u>	<u>(33,792,535)</u>	<u>5,685,714</u>	<u>(28,106,821)</u>	<u>-</u>
Component units:								
Imperial Theatre	\$ 99,747	\$ -	\$ -	\$ 852,039	-	-	-	752,292
Total component units	<u>\$ 99,747</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 852,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>752,292</u>
General revenues:								
Ad valorem taxes					15,539,062	-	15,539,062	-
Local option tax					10,444,807	-	10,444,807	-
Alcoholic beverage tax					42,158	-	42,158	-
Other taxes					5,000,150	-	5,000,150	-
Investment earnings					953,803	884,326	1,838,129	20,755
Miscellaneous					(406,432)	-	(406,432)	-
Transfers					1,646,500	(1,646,500)	-	-
Total general revenues and transfers					<u>33,220,048</u>	<u>(762,174)</u>	<u>32,457,874</u>	<u>20,755</u>
Change in net assets					(572,487)	4,923,540	4,351,053	773,047
Net assets - beginning of year, as previously stated					105,323,678	117,823,092	223,146,770	100
Prior period adjustment (Note 24)					1,312,519	-	1,312,519	-
Net assets - beginning of year, as restated					<u>106,636,197</u>	<u>117,823,092</u>	<u>224,459,289</u>	<u>100</u>
Net assets - end of year					<u>\$ 106,063,710</u>	<u>\$ 122,746,632</u>	<u>\$ 228,810,342</u>	<u>\$ 773,147</u>

The notes to the financial statements are an integral part of this statement

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2006**

	Major Funds				
	General	Entitlement Grants	General Capital Development Projects	Non Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents/investments	\$ 13,058,118	\$ 136,977	\$ 691,792	\$ 4,079,299	\$ 17,966,186
Restricted cash and investments	55,745	-	581,375	358,661	995,781
Receivables, net of allowance for uncollectible accounts:					
Ad valorem taxes	1,392,676	-	-	33,587	1,426,263
Other taxes	7,293	-	-	-	7,293
Customers	623,424	-	-	-	623,424
Other governmental agencies	3,937,986	79,683	56,921	2,569,177	6,643,767
Due from component unit	480,519	-	-	-	480,519
Due from other funds	1,291,586	-	-	-	1,291,586
Other	1,960,479	2,356	-	276,254	2,239,089
Assessments	1,112,709	-	-	-	1,112,709
Inventories	297,096	-	-	-	297,096
Notes receivable	2,008,545	-	-	-	2,008,545
Total assets	\$ 26,226,176	\$ 219,016	\$ 1,330,088	\$ 7,316,978	\$ 35,092,258
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued expenditures	\$ 1,931,254	\$ 10,435	\$ 663,967	\$ 250,807	\$ 2,856,463
Due to other funds	-	-	-	1,291,586	1,291,586
Deposits	263,938	17,549	-	-	281,487
Deferred revenues	6,095,009	-	-	33,587	6,128,596
Total liabilities	8,290,201	27,984	663,967	1,575,980	10,558,132
Fund balances:					
Reserved for:					
Notes receivable	2,008,545	-	-	-	2,008,545
Inventories	297,096	-	-	-	297,096
State statute	4,819,632	82,039	56,921	2,845,431	7,804,023
Powell Bill	-	-	-	1,755,051	1,755,051
Financing agreement	55,745	-	581,375	358,661	995,781
Designated for subsequent year's expenditures - Powell Bill	-	-	-	1,085,920	1,085,920
Unreserved:					
Designated for subsequent year's expenditures:					
General fund	763,270	-	-	-	763,270
Undesignated, reported in:					
General fund	9,991,687	-	-	-	9,991,687
Special revenue	-	108,993	-	753,748	862,741
Capital projects	-	-	27,825	(1,057,813)	(1,029,988)
Total fund balances	17,935,975	191,032	666,121	5,740,998	24,534,126
Total liabilities and fund balances	\$ 26,226,176	\$ 219,016	\$ 1,330,088	\$ 7,316,978	\$ 35,092,258

The notes to the financial statements are an integral part of this statement.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**

**RECONCILIATION OF FUND BALANCE AS REPORTED IN THE BALANCE SHEET -  
GOVERNMENTAL FUNDS WITH NET ASSETS - GOVERNMENTAL ACTIVITIES  
June 30, 2006**

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Amounts reported for governmental activities in the statement of net assets are different because:

Ending fund balance - governmental funds	\$ 24,534,126
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	95,889,234
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,745,706
Other long-term assets that are not available to pay current-period expenditures and are not recorded in the funds.	1,210,631
Assets and liabilities of the risk management fund used by management to account for certain insurance costs are included in governmental activities in the statement of net assets	(59,105)
Compensated absences not expected to be materially liquidated with expendable available resources	(2,723,937)
Long-term liabilities, principally installment purchases, are not due and payable in the current period and therefore are not reported in the funds.	
Installment purchases	<u>(15,532,945)</u>
Net assets of governmental activities	<u>\$ 106,063,710</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2006**

	Major Funds			Non Major Governmental Funds	Total Governmental Funds
	General	Entitlement Grants	General Capital Development Projects		
Revenues					
Taxes	\$ 15,471,066	\$ -	\$ -	\$ 67,996	\$ 15,539,062
Intergovernmental	13,892,573	2,490,557	1,176,275	4,878,847	22,438,252
Licenses and permits	1,154,278	-	-	-	1,154,278
Sales and service	7,087,149	-	-	-	7,087,149
Project	-	63,645	-	1,892,851	1,956,496
Investment earnings	711,602	45,067	16,898	180,236	953,803
Contributions	-	-	-	1,750	1,750
Miscellaneous	1,163,709	23,400	7,000	134,657	1,328,766
Total revenues	39,480,377	2,622,669	1,200,173	7,156,337	50,459,556
Expenditures					
Current:					
General government	4,699,327	-	-	136,122	4,835,449
Public safety	19,137,192	-	-	172,196	19,309,388
Public works	8,407,965	-	-	-	8,407,965
Engineering	1,012,595	-	-	-	1,012,595
Parks and recreation	5,205,534	-	5,337,982	4,916,916	15,460,432
Public service	-	-	221	4,991,720	4,991,941
Hazard mitigation	-	-	-	344,245	344,245
Community revitalization	-	2,687,422	-	3,068	2,690,490
Debt service	2,871,473	-	-	716,632	3,588,105
Total expenditures	41,334,086	2,687,422	5,338,203	11,280,899	60,640,610
Revenues over (under) expenditures	(1,853,709)	(64,753)	(4,138,030)	(4,124,562)	(10,181,054)
Other financing sources (uses)					
Transfers in	2,449,000	60,000	365,000	1,060,664	3,934,664
Transfers out	(927,164)	-	-	(1,361,000)	(2,288,164)
Installment purchases	725,000	-	-	-	725,000
Total other financing sources (uses)	2,246,836	60,000	365,000	(300,336)	2,371,500
Net change in fund balances	393,127	(4,753)	(3,773,030)	(4,424,898)	(7,809,554)
Fund balances, beginning of year, as previously stated	17,542,848	195,785	4,439,151	6,873,902	29,051,686
Prior period adjustment (Note 24)	-	-	-	3,291,994	3,291,994
Fund balances, beginning of year, as restated	17,542,848	195,785	4,439,151	10,165,896	32,343,680
Fund balances, end of year	\$ 17,935,975	\$ 191,032	\$ 666,121	\$ 5,740,998	\$ 24,534,126

The notes to the financial statements are an integral part of this statement.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS TO CHANGE IN NET ASSETS -  
GOVERNMENTAL ACTIVITIES  
Year Ended June 30, 2006**

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (7,809,554)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, the gain/loss on disposal of those assets would also differ between the two statements in an amount equal to the basis of the asset reported on the date of disposal.

Capital outlay	10,010,640
Depreciation	(3,836,463)
Basis of disposed/transferred capital assets	(490,888)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	22,284
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issuance	(757,356)
Debt retirement	2,481,687
Change in accruals	7,404

A portion of the revenue and expenditures reported in risk management fund has been allocated to governmental activities	<u>(200,241)</u>
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Total change in net assets of governmental activities	<u><u>\$ (572,487)</u></u>
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**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2006**

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 15,700,000	\$ 15,700,000	\$ 15,471,066	\$ (228,934)
Intergovernmental	13,839,200	13,877,184	13,892,573	15,389
Licenses and permits	1,145,000	1,145,000	1,154,278	9,278
Sales and service	8,153,200	8,140,200	7,087,149	(1,053,051)
Investment earnings	380,365	380,365	711,602	331,237
Miscellaneous	820,850	848,800	1,163,709	314,909
Total revenues	40,038,615	40,091,549	39,480,377	(611,172)
Expenditures:				
Current:				
General government				
Mayor and council	599,302	581,192	315,431	265,761
City clerk	221,932	221,732	203,818	17,914
Community services	482,029	512,029	474,499	37,530
City manager	529,662	568,002	556,549	11,453
Public affairs	104,134	105,514	102,890	2,624
Downtown development	84,497	114,101	93,642	20,459
Finance	593,161	1,953,829	74,084	1,879,745
Central services	663,306	667,325	681,134	(13,809)
Planning and development	1,647,617	1,493,600	1,350,674	142,926
Human resources	1,313,591	648,859	593,120	55,739
Human relations	279,210	255,955	253,486	2,469
Total general government	6,518,491	7,122,138	4,699,327	2,422,811
Public safety				
Police	11,101,926	10,983,630	10,599,975	383,655
Fire	8,382,013	8,617,718	8,537,217	80,501
Total public safety	19,483,939	19,601,348	19,137,192	464,156
Public works				
Administration	181,648	186,592	176,883	9,709
Street and row maintenance	1,590,196	1,661,154	1,447,878	213,276
Housing code enforcement	825,300	839,417	815,152	24,265
Environmental service	6,292,198	6,135,342	5,503,241	632,101
Fleet maintenance	486,688	463,323	464,811	(1,488)
Total public works	9,376,030	9,285,828	8,407,965	877,863
Engineering				
Administration	536,873	539,616	425,490	114,126
Traffic	625,002	672,010	587,105	84,905
Total engineering	1,161,875	1,211,626	1,012,595	199,031
Parks and recreation				
Administration	317,575	336,138	330,779	5,359
Athletics	439,026	472,625	467,702	4,923
Cultural arts	614,772	576,860	554,228	22,632
Amusements and special events	132,285	133,148	129,203	3,945
Museum	448,333	437,938	433,911	4,027
Parks maintenance	1,509,563	1,561,364	1,538,404	22,960
Cemetery operations	356,949	362,222	354,219	8,003
Outdoor programs	256,594	257,515	233,839	23,676
Neighborhood programs	517,153	519,315	512,468	6,847
Senior programs	265,373	316,979	281,270	35,709
Sports complex	68,292	74,546	65,692	8,854
Imperial Centre	249,984	309,853	303,819	6,034
Total parks and recreation	5,175,899	5,358,503	5,205,534	152,969

The notes to the financial statements are an integral part of this statement.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2006**

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Debt service	\$ 3,052,200	\$ 2,874,525	\$ 2,871,473	\$ 3,052
				-
Total expenditures	44,768,434	45,453,968	41,334,086	4,119,882
Revenues over (under) expenditures	(4,729,819)	(5,362,419)	(1,853,709)	3,508,710
Other financing sources (uses):				
Transfers in	2,330,000	2,449,000	2,449,000	-
Transfers out	(533,181)	(946,881)	(927,164)	19,717
Installment purchase financing used	1,633,000	1,633,000	725,000	(908,000)
Total other financing sources (uses)	3,429,819	3,135,119	2,246,836	(888,283)
Revenues and other financing sources over (under) expenditures and other financing uses	(1,300,000)	(2,227,300)	393,127	2,620,427
Fund balance appropriated	1,300,000	2,227,300	-	(2,227,300)
Revenues, other financing sources and fund balance appropriated over (under) expenditures and other financing uses	\$ -	\$ -	393,127	\$ 393,127
Fund balance, beginning of year			17,542,848	
Fund balance, end of year			\$ 17,935,975	

The notes to the financial statements are an integral part of this statement.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**June 30, 2006**

	Business-type Activities - Enterprise						Governmental Activities
	Major Funds				Other Non-major Fund - Storm Water Management	Total Business-type Activities Enterprise	Internal Service Fund - Risk Management
	Electric	Gas	Water	Sewer			
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents/investments	\$ 2,714,101	\$ 4,676,946	\$ 3,364,385	\$ 471,970	\$ 1,909,786	\$ 13,137,188	\$ -
Restricted cash and investments	1,416,070	-	2,400,000	991,485	-	4,807,555	11,509
Receivables - net:							
Assessments	-	-	125,235	212,771	-	338,006	-
Customers	9,848,479	1,287,697	1,054,475	1,243,666	(140,856)	13,293,461	-
Notes receivable	-	-	9,260	4,404	-	13,664	-
Other	341,021	30,758	2,967	673,408	4,848	1,053,002	18,094
Inventories	902,468	82,600	68,886	6,235	-	1,060,189	-
Total current assets	<u>15,222,139</u>	<u>6,078,001</u>	<u>7,025,208</u>	<u>3,603,939</u>	<u>1,773,778</u>	<u>33,703,065</u>	<u>29,603</u>
Capital assets:							
Capital assets, nondepreciable	963,125	8,727	1,421,719	1,631,331	40,223	4,065,125	-
Capital assets, depreciable, net of accumulated depreciation and amortization	<u>25,623,490</u>	<u>8,162,068</u>	<u>28,337,758</u>	<u>51,815,706</u>	<u>1,132,183</u>	<u>115,071,205</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>26,586,615</u>	<u>8,170,795</u>	<u>29,759,477</u>	<u>53,447,037</u>	<u>1,172,406</u>	<u>119,136,330</u>	<u>-</u>
Noncurrent assets:							
Unamortized bond issuance costs	-	-	23,418	30,921	-	54,339	-
Total noncurrent assets	<u>26,586,615</u>	<u>8,170,795</u>	<u>29,782,895</u>	<u>53,477,958</u>	<u>1,172,406</u>	<u>119,190,669</u>	<u>-</u>
Total assets	<u>41,808,754</u>	<u>14,248,796</u>	<u>36,808,103</u>	<u>57,081,897</u>	<u>2,946,184</u>	<u>152,893,734</u>	<u>29,603</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**June 30, 2006**

	Business-type Activities - Enterprise					Governmental Activities
	Major Funds				Other Non-major Fund - Storm Water Management	Internal Service Fund - Risk Management
	Electric	Gas	Water	Sewer	Total Business-type Activities Enterprise	
<b>LIABILITIES AND NET ASSETS</b>						
Current liabilities						
Current maturities of long-term debt	936,113	-	423,102	2,111,028	139,068	3,609,311
Accounts payable and accrued expenditures	6,650,622	831,416	459,764	800,669	62,368	(26,376)
Total current liabilities	7,586,735	831,416	882,866	2,911,697	201,436	(26,376)
Noncurrent liabilities:						
Deposits	1,966,430	820,762	695,473	9,365	-	3,492,030
Accrued compensated absences	221,055	63,138	158,776	90,424	60,082	593,475
Noncurrent portion of long-term debt	1,497,084	-	6,126,256	5,931,003	208,188	13,762,531
	3,684,569	883,900	6,980,505	6,030,792	268,270	17,848,036
Total liabilities	11,271,304	1,715,316	7,863,371	8,942,489	469,706	30,262,186
						(26,376)
Net assets:						
Invested in capital assets, net of related debt	24,153,418	8,170,795	23,210,119	45,405,006	825,150	101,764,488
Unrestricted	6,384,032	4,362,685	5,734,613	2,734,402	1,651,328	20,867,060
Total net assets	\$ 30,537,450	\$ 12,533,480	\$ 28,944,732	\$ 48,139,408	\$ 2,476,478	\$ 122,631,548
						\$ 55,979

Reconciliation of net assets as reported in the statement of net assets - proprietary funds with net assets - business type activities  
Net assets as reported for Enterprise Funds in the statement of net assets - proprietary funds

\$ 122,631,548

Amounts reported for business-type activities in the statement of net assets are different because:  
Adjustment to reflect the consolidation of the risk management fund net assets related to the enterprise funds

115,084

\$ 122,746,632

The notes to the financial statements are an integral part of this statement.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS**  
**Year Ended June 30, 2006**

	Business-type Activities - Enterprise						Governmental Activities
	Major Funds				Other Non-major Fund - Storm Water Management	Total Business-type Activities Enterprise	Internal Service Fund - Risk Management
	Electric	Gas	Water	Sewer			
Operating revenues:							
Charges for services	\$ 77,276,496	\$ 31,684,589	\$ 9,329,808	\$ 10,135,472	\$ 2,673,764	\$ 131,100,129	\$ 4,754,881
Licenses and permits	-	-	79,094	(7,919)	-	71,175	-
Other operating revenues	962,685	200	105,390	183,996	-	1,252,271	-
Total operating revenues	78,239,181	31,684,789	9,514,292	10,311,549	2,673,764	132,423,575	4,754,881
Operating expenses:							
Distribution systems	70,838,490	30,628,815	-	-	-	101,467,305	-
Treatment plants	-	-	4,857,001	5,899,461	-	10,756,462	-
Support services	548,912	-	2,038,630	2,117,066	470,980	5,175,588	-
Energy services	1,223,616	-	-	-	-	1,223,616	-
Storm water operations	-	-	-	-	1,599,605	1,599,605	-
Insurance claims	-	-	-	-	-	-	4,535,352
Cost of service and administration	-	-	-	-	-	-	679,171
Depreciation and amortization	1,481,159	180,016	1,204,196	1,379,053	157,017	4,401,441	-
Total operating expenses	74,092,177	30,808,831	8,099,827	9,395,580	2,227,602	124,624,017	5,214,523
Operating income (loss)	4,147,004	875,958	1,414,465	915,969	446,162	7,799,558	(459,642)
Nonoperating revenue (expense)							
Other	250,000	-	-	-	-	250,000	-
Investment earnings	319,932	234,496	168,322	84,469	77,107	884,326	-
Gain (Loss) on disposal of capital assets	(5,562)	-	(662)	(18,539)	-	(24,763)	-
Interest expense	(63,279)	-	(399,301)	(412,582)	(372,990)	(1,248,152)	-
Appropriation to school system	(656,470)	(175,058)	-	-	-	(831,528)	-
Nonoperating revenue (expenses) - net	(155,379)	59,438	(231,641)	(346,652)	(295,883)	(970,117)	-
Income (loss) before transfers	3,991,625	935,396	1,182,824	569,317	150,279	6,829,441	(459,642)
Transfers in	-	-	-	-	700,000	700,000	-
Transfers out	(1,016,500)	(1,000,000)	(330,000)	-	-	(2,346,500)	-
	(1,016,500)	(1,000,000)	(330,000)	-	700,000	(1,646,500)	-
Change in net assets	2,975,125	(64,604)	852,824	569,317	850,279	5,182,941	(459,642)
Net assets, beginning of year	27,562,325	12,598,084	28,091,908	47,570,091	1,626,199	117,448,607	515,621
Net assets, end of year	\$ 30,537,450	\$ 12,533,480	\$ 28,944,732	\$ 48,139,408	\$ 2,476,478	\$ 122,631,548	\$ 55,979
Reconciliation of net income (loss) reported on the statement of revenues, expenses, and changes in fund net assets - proprietary funds to change in net assets - business-type activities						\$ 5,182,941	
Net income (loss) total business type activities - enterprise						(259,401)	
A portion of the revenue and expenses reported in the risk management fund have been allocated to business-type activities							
Total change in net assets of business type activities						\$ 4,923,540	

The notes to the financial statements are an integral part of this statement.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**Year Ended June 30, 2006**

	Business-type Activities - Enterprise						Governmental Activities
	Major Funds				Other Non-major Fund - Storm Water Management	Total	Internal Service Fund - Risk Management
	Electric	Gas	Water	Sewer			
Cash flows from operating activities:							
Receipts from customers	\$ 77,224,394	\$ 32,005,994	\$ 9,565,721	\$ 10,237,912	\$ 2,725,018	\$ 131,759,039	\$ 4,753,568
Payments to suppliers for goods and services	(68,487,107)	(29,240,318)	(4,083,736)	(5,875,766)	(1,182,061)	(108,868,988)	(5,298,274)
Payments to or on behalf of employees	(3,346,816)	(1,130,372)	(2,540,473)	(2,037,605)	(1,219,632)	(10,274,898)	-
Other operating revenues (expenses)	962,685	200	280,962	(576,234)	-	667,613	-
Net cash provided (used) by operating activities	6,353,156	1,635,504	3,222,474	1,748,307	323,325	13,282,766	(544,706)
Cash flows from noncapital financing activities:							
Transfers to other funds - net	(1,016,500)	(1,000,000)	(330,000)	-	700,000	(1,646,500)	-
Appropriation to school system	(656,470)	(175,058)	-	-	-	(831,528)	-
Net cash provided (used) by noncapital financing activities	(1,672,970)	(1,175,058)	(330,000)	-	700,000	(2,478,028)	-
Cash flows from capital and related financing activities							
Acquisition and construction of capital assts	(2,219,119)	(1,093,973)	(1,670,169)	(2,276,389)	(370,289)	(7,629,939)	-
Interest paid	(63,279)	-	(399,301)	(346,581)	(372,990)	(1,182,151)	-
Proceeds from capital lease	1,491,000	-	-	631,211	210,000	2,332,211	-
Capital and related financing activities - inflows	-	-	-	-	66,380	66,389	-
Principal payments on long-term debt	(747,326)	-	(1,353,281)	(1,552,717)	(259,312)	(3,912,636)	-
Net cash provided (used) by capital and related financing activities	(1,538,724)	(1,093,973)	(3,422,751)	(3,544,476)	(726,202)	(10,326,126)	-
Cash flows from investing activities - interest on investments	319,932	234,496	168,322	84,469	77,107	884,326	-
Net cash provided (used) in investing activities	319,932	234,496	168,322	84,469	77,107	884,326	-
Net increase (decrease) in cash and cash equivalents/investments	3,461,394	(399,031)	(361,955)	(1,711,700)	374,230	1,362,938	(544,706)
Cash and cash equivalents/investments - beginning of year	668,777	5,075,977	6,126,340	3,175,155	1,535,556	16,581,805	556,215
Cash and cash equivalents/investments - end of year	\$ 4,130,171	\$ 4,676,946	\$ 5,764,385	\$ 1,463,455	\$ 1,909,786	\$ 17,944,743	\$ 11,509
Cash and cash equivalents/investments	\$ 2,714,101	\$ 4,676,946	\$ 3,364,385	\$ 471,970	\$ 1,909,786	\$ 13,137,188	\$ -
Restricted cash and investments	1,416,070	-	2,400,000	991,485	-	4,807,555	11,509
	\$ 4,130,171	\$ 4,676,946	\$ 5,764,385	\$ 1,463,455	\$ 1,909,786	\$ 17,944,743	\$ 11,509
Supplemental disclosures of noncash investing and financing activities							
Amortization of bond issuance cost	\$ -	\$ -	\$ 5,855	\$ 7,731	\$ -	\$ 13,586	\$ -
Amortization of deferred refunding, cost	\$ -	\$ -	\$ 57,376	\$ 68,001	\$ -	\$ 123,377	\$ -

The notes to the financial statements are an integral part of this statement.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**Year Ended June 30, 2006**

	Business-type Activities - Enterprise						Governmental Activities
	Major Funds				Other Non-major Fund - Storm Water Management	Total	Internal Service Fund - Risk Management
	Electric	Gas	Water	Sewer			
Reconciliation of operating income (loss)							
to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 4,147,004	\$ 875,958	\$ 1,414,465	\$ 915,969	\$ 446,162	\$ 7,799,558	\$ (459,642)
Adjustments to reconcile operating income (loss)							
to net cash provided by (used in) operating activities:							
Depreciation and amortization	1,481,159	180,016	1,204,198	1,379,053	157,017	4,401,443	-
Change in assets and liabilities:							
(Increase) decrease in receivable and assessments	(52,102)	321,405	(41,798)	(586,971)	51,254	(308,212)	(1,313)
(Increase) decrease in inventories	(179,391)	(25,072)	22,707	(1,421)	-	(183,177)	-
(Increase) decrease in asset	-	-	-	-	11,732	11,732	-
Increase (decrease) in accounts payable and accrued expenses	784,639	133,494	187,448	414,833	-	1,520,414	(83,751)
Increase (decrease) in due (to) from other funds	-	-	374,187	(374,187)	-	-	-
Increase (decrease) in deposits and deferred revenue	162,493	146,149	71,660	3,150	(350,548)	32,904	-
Increase (decrease) in accrued compensated absences							
and other accrued liabilities	9,354	3,554	(10,393)	(2,119)	7,708	8,104	-
Total adjustments	2,206,152	759,546	1,808,009	832,338	(122,837)	5,483,208	(85,064)
Net cash provided (used) by operating activities	\$ 6,353,156	\$ 1,635,504	\$ 3,222,474	\$ 1,748,307	\$ 323,325	\$ 13,282,766	\$ (544,706)

The notes to the financial statements are an integral part of this statement.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**June 30, 2006**

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	<b>Agency Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 374,332
Other receivable	480,557
Total assets	<u>\$ 854,889</u>
<b>Liabilities</b>	
Due to other government agency	<u>\$ 854,889</u>

The notes to the financial statements are an integral part of this statement.



## **NOTES TO FINANCIAL STATEMENTS**

These notes are intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from, or cannot be included in, the financial statements themselves. The notes supplement the financial statements, are an integral part thereof, and are intended to be read in conjunction with the financial statements.

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Rocky Mount, North Carolina (the "City") and its discretely presented component unit conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles in the United States of America. A summary of the City's significant accounting policies follows:

***Reporting Entity***

The City is a municipal corporation, governed by an elected mayor and seven member council and is located in eastern North Carolina in the coastal plains area. As required by generally accepted accounting principles, these financial statements present the City and its component unit, a legally separate entity for which the City is financially accountable. The discretely presented component unit presented below is reported in a separate column in the City's financial statements in order to emphasize that it is legally separate from the City. The City was incorporated on February 19, 1867. The City has a population of approximately 56,000 and is situated on the Nash and Edgecombe County line. The City provides a full range of services including public safety, public works, engineering, parks and recreation, public service, emergency management, hazard mitigation and community revitalization. The City also operates electric, gas, water, and sewer utilities, as well as a storm water management system, for the incorporated and surrounding areas.

GAAP requires that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete

***Imperial Theatre***

The members of the Imperial Theatre's advisory board are appointed by the City. The Imperial Theatre, which has a December 31, year-end, is presented as if it were a governmental fund (discrete presentation).

***Basis of Presentation – Government-wide and Fund Financial Statements***

Government-wide Statements - The statement of net assets and the statement of activities display information on all of the nonfiduciary activities of the City and its component unit. For the most part, the effect of interfund activity has been removed from these statements which distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities and its discretely presented component unit. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program or (c) capital grants and contributions which are program specific. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues including multipurpose grants that do not provide for specific identification of a program.

Within the statement of activities, expenses reported for functional activities include allocated indirect expenses.

Fund Financial Statements - The fund financial statements provide information about the City's funds, including its fiduciary fund. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented even though the fiduciary fund is excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

**General Fund** - This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Entitlement Grant Fund** - The purpose of this fund is to account for projects financed with Housing and Urban Development (HUD) Grants that are used for revitalization of low and moderate-income areas within the City.

**General Capital Development Projects** - This fund is used to account for federal and State grant funds used to rehabilitate the Railway Express Agency building, renovate the ACL-303 Rail Car and to restore the Rocky Mount train station.

The City reports the following major enterprise funds:

**Electric Fund** - This fund is used to account for the operation of the City's electric power distribution system.

**Gas Fund** - This fund is used to account for the operation of the City's natural gas distribution system.

**Water Fund** - This fund is used to account for the operation of the City's water treatment and distribution system.

**Sewer Fund** - This fund is used to account for the operation of the City's sewer treatment system.

CITY OF ROCKY MOUNT, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2006

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Additionally, the City reports the following fund types:

**Internal Service Fund** – The City has one internal service fund, it's Risk Management Fund, which is used to account for its self-insurance health care benefit.

**Agency Funds** – These funds are used to account for assets held by the City as an agent for individuals and private organizations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City maintains two agency funds: Community Development and Governmental Activities Fund and the Business Development Fund.

***Measurement Focus and Basis of Accounting***

In accordance with North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. Property tax revenue is recognized in the fiscal year for which the taxes are levied. Revenue from grants, donations and similar items is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are generally recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all general revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year.

CITY OF ROCKY MOUNT, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2006

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The City reports deferred and unearned revenue on its balance sheet - governmental funds when potential revenue does not meet the "available" criteria for recognition in the current period. Deferred and unearned revenues are reported on both the City's statement of net assets and its balance sheet - governmental funds when the City receives resources before it has a legal claim to them. In addition, deferred and unearned revenues are reported on the City's statement of net assets when receivables are collectible over an extended period of time and their collectibility cannot be reasonably estimated or the City anticipates forgiving the debt at some future date.

As of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Nash and Edgecombe counties are responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts within in the County, including the City of Rocky Mount.

For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in Nash and Edgecombe counties from March 2005 through February 2006 apply to the fiscal year ended June 30, 2006. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues in the balance sheet - governmental funds. For vehicles registered under the annual system, taxes are due on May 1 of each year. For those vehicles registered and billed under the annual system, uncollected taxes are reported as a receivable on the financial statements and are offset by deferred revenues on the balance sheet - governmental funds because the due date and the date upon which interest begins to accrue passed prior to June 30.

The taxes for vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2006 on its balance sheet - governmental funds and unearned revenues on the government-wide statement of net assets because they are intended to finance the City's operations during the 2007 fiscal year.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues.

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Revenues of the City's internal service fund are generally premiums charged to its employees for insurance coverage. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services, claims, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989 are generally followed in both the governmental-wide and proprietary fund financial statements to the extent that those standards do not conflict or contradict with GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitations. The City has elected not to follow subsequent private-sector guidance.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Budgetary Data***

In compliance with State statutes, the City Council adopts an annual budget ordinance for all governmental and enterprise funds except funds authorized by project ordinance. The City's Risk Management Fund, which is an intra-governmental service fund, operates under a financial plan. As is required by North Carolina General Statutes, the governing board adopts the plan at the same time the City's budget ordinance is approved.

Appropriations are made at the departmental level and amended as necessary by City Council. The budget information shown in the basic financial statements reports the original and final budget ordinance. The original budget data represents the annual budget ordinance adopted by the City Council for the year ended June 30, 2006. The final budget data represents the budget ordinance as amended by the City Council as of June 30, 2006. Amendments can be made within any one fund by the City Manager. Amendments calling for transfers between two or more funds require the approval of the City Council.

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

During the year, several amendments to the original budget were necessary. Those funds with annually adopted budgets with amendments increasing their appropriated fund balance for the year ended June 30, 2006 by more than \$100,000 in total are as follows.

General Fund	\$ 927,300
Special Revenue Funds:	
Occupancy Tax Fund	700,000
Powel Bill Grant	1,620,600
Capital Project Funds:	
General Capital Fund	395,500
Enterprise funds:	
Electric Operating Fund	5,863,700
Gas Operating Fund	4,746,100
Water Operating Fund	3,450,400
Sewer Operating Fund	1,718,200
Storm Water Fund	406,900

The budget has been restructured in order to conform to the structure of the actual data which is presented in a form to provide the greatest economic meaning to the data. The budget is prepared on the modified accrual basis of accounting as required by State statute. All annual appropriations lapse at each fiscal year-end and must be reappropriated in the following fiscal year's budget. Agency funds are not budgeted.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operational budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted to obtain taxpayer comments.
- 3) The budget is legally enacted through passage of an ordinance by June 30 each year.

**Funds with Multi-Year Budgets** - Certain special revenue funds and capital projects funds are budgeted under project ordinances spanning more than one fiscal year. Project appropriations for these funds continue until the projects are complete. Those funds include the special revenue funds - Entitlement Grants, Emergency Management, Public Transportation Grants, Crime/Safety Control, Economic Development, Occupancy tax and the capital project funds - General Capital Development Projects.

Funds adopting annual budgets include the General Fund, the proprietary funds, the special revenue funds - Powell Bill Grants and Emergency Telephone System, as well as the capital project fund - General Capital Projects.

CITY OF ROCKY MOUNT, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2006

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Encumbrances** - As required by State statutes, the City maintains encumbrance accounts during the year which are considered to be "budgetary accounts." Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in progress and open purchase orders at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. These encumbrances outstanding are reappropriated in the subsequent year's budget.

***Statement of Cash Flows***

All cash and investments of the enterprise funds are maintained in cash and investment pools. Funds are available on demand from the pools. Accordingly, all cash and investments are considered cash and cash equivalents in the statement of cash flows.

**Cash and Cash Equivalents**

The City pools its unrestricted cash resources from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Imperial Theatre considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Interest earned as a result of pooling cash and investments is distributed to the appropriate funds utilizing a formula based on the average monthly balance of cash and investments of each fund.

***Restricted Investments***

The unexpended proceeds from the installment purchase agreements entered into by the City are classified as restricted investments in the respective funds because their use is completely restricted to the purpose for which the agreement was originally intended.

***Ad Valorem Taxes Receivable***

In accordance with State law, the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due September 1; however, interest does not accrue until the following January 6. Taxes are based on property listed as of January 1 of the levy year and assessed values as of the same date. The lien of property taxes attaches to all the taxpayer's real estate in the City as of January 1 of the year in which the property is listed and assessed. The lien of property taxes attaches to personal property of the taxpayer only when that property is seized or attached by the tax collector. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.



CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Allowances For Uncollectible Accounts***

Allowances for uncollectible accounts are maintained on all types of receivables which historically experience uncollectible accounts. Allowances are based on collection experience and management's evaluation of the current status of existing receivables.

***Due To/From Other Funds***

Amounts reported at June 30, 2006 as due to/from other funds generally represent short-term advances between funds. The amounts reported at year-end are not available for appropriation and are not an expendable available financial resource.

***Inventories***

Inventories of the General Fund consist primarily of expendable supplies held for consumption and are stated at cost (determined on the weighted-average basis). The costs of General Fund inventories are recorded as expenditures when consumed rather than when purchased and are offset by a fund balance reserve in the balance sheet - governmental funds which indicates that inventories do not constitute a resource available for appropriations.

Inventories of the enterprise funds consist of various items used in the maintenance of existing utility systems and expansion of new systems and are stated at the lower of cost or market, cost being determined on the weighted-average basis. These items will be either expensed when consumed in the future as maintenance of existing systems or capitalized as a part of the development of new systems.

***Capital Assets***

Capital assets which include property, plant, equipment and infrastructure are reported in the City's government-wide and proprietary fund financial statements. Capital assets of the City generally have an initial, individual cost of more than \$2,500 and an estimated useful life of more than one year. Assets are stated at cost if purchased or constructed. Costs for assets acquired prior to June 30, 1981 were recorded in the capital asset records based on a physical inventory of such assets at that date with assignment of actual cost, where this was available, and estimated historical cost, where actual historical cost could not be determined. Donated capital assets are recorded at their estimated fair value at the date of donation. Capital assets transferred to a recipient fund are recorded at the same book value as the transferor fund.

Capital assets are depreciated using the straight-line method over the assets' estimated useful lives. Assets acquired under capital leases are amortized over the assets' estimated useful lives. Capital assets are reported in the City's basic financial statements net of accumulated depreciation and amortization.

CITY OF ROCKY MOUNT, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2006

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The estimated useful lives are as follows:

	<u>Years</u>
Land improvements	25
Buildings	50
Equipment	2 to 30
Infrastructure:	
Streets and curbing	75
Distribution system	30 to 75

Interest is capitalized on enterprise fund assets acquired with tax-exempt debt. The amount of interest is calculated by offsetting interest earned on invested proceeds with interest expense incurred from the date of the borrowings until completion of the project.

***Long-Term Debt***

General obligation bonds are direct obligations and pledge the full faith and credit of the City. Such obligations are generally issued as 25-year serial bonds with equal amounts of principal maturing each year. The City's general obligation bonds, currently outstanding, were issued to finance the acquisition and construction of major capital facilities utilized in the operations of its enterprise funds. It is the intention of the City that those obligations, including both principal and interest, are to be repaid from the earnings of the enterprise funds. Therefore, the bonds are included in the accounts of the appropriate enterprise funds.

The City has acquired equipment under installment purchase agreements. Installment purchase agreements are recorded in the applicable columns of the government-wide and proprietary fund financial statements.

The debt service requirements for long-term debt obligations are appropriated annually in the appropriate fund.

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable discounts. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Compensated Absences***

The compensated absences policy of the City provides for the accumulation of up to thirty (30) days earned vacation with such leave being fully vested when earned. The amount of accumulated vacation leave and the salary-related payments at year-end are not expected to be materially liquidated with expendable available financial resources and as such are reported as a noncurrent liability. The liability for accumulated vacation leave and the salary-related payments are reported in the City's government-wide and proprietary fund financial statements as an expense and liability of those activities as the benefits accrue to employees. Compensated absences reported in governmental activities are commonly liquidated in the general fund.

No liability is recognized for accumulated sick leave as the leave is forfeited upon termination. A certain portion of the accumulated sick leave may be used in the determination of length of service for retirement benefit purposes. This involves no obligation of the City and, therefore, no accrual has been made.

***Fund Equity***

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

In the fund financial statements, the City's governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of equity represent tentative management plans that are subject to change.

State statute restricts appropriation of fund balance or fund equity for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenue arising from cash receipts as these amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

**Reserved:**

Reserved for notes receivable - represents the portion of fund balance not available for appropriation because it represents the amount of notes receivable owed to the City.

Reserved for inventories - portion of fund balance not available for appropriation because it is not available to liquidate the liabilities of the fund.

Reserved for financing agreement – portion of the fund balance available to pay principal and interest payments on certain financing agreements or assets that are otherwise restricted by financing agreements.

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Reserved by State statute - portion of fund balance not available for appropriation after remaining reserves not available for appropriation, such as reserved for encumbrances, have been segregated. This amount is usually comprised of receivables which have not been offset by deferred revenue.

Reserved for Powell Bill - portion of fund balance not available for appropriation because it is restricted as to use in compliance with the requirements of the Powell Bill program.

Designated for subsequent year's expenditures – Powell Bill – portion of Powell Bill reserve which has been designated for the adopted 2006-2007 budget ordinance.

Unreserved:

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation which has been designated for the adopted 2006-2007 budget ordinance.

Undesignated - portion of total fund balance available for appropriation which is uncommitted at year-end.

***Interfund Transfers***

Interfund transfers from the enterprise funds to the General Fund are made primarily to reimburse the General Fund for overhead expenses. The principal purpose of transfers between governmental funds is to provide the required local match for certain federal and State grants. In addition, the City may have immaterial transfers between the General Fund and certain of its special revenue funds when grant closures occur.

**NOTE 2 - CASH AND CASH EQUIVALENTS/INVESTMENTS**

***Deposits***

All deposits of the City are made in board-designated official depositories and are collateralized as required by State statute. Official depositories may be established with any bank or savings and loan association whose principal office is located in North Carolina.

Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. At year-end, the carrying amount of the City's deposits was \$22,799,525 and the bank balance was \$23,565,553. The carrying amount of the deposits for the Imperial Theatre was \$630,860 and the bank balance was the same.

CITY OF ROCKY MOUNT, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2006

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**NOTE 2 - CASH AND CASH EQUIVALENTS/INVESTMENTS (Continued)**

The City utilizes official depositories, which collateralize excess deposits by the "pooling" method. Under the collateral pooling method, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agent in the City's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits.

Depositories using the collateral pooling method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City under the collateral pooling method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each collateral pooling method depository.

Of the funds held on deposit at June 30, 2006, \$300,000 was covered by federal depository insurance and \$23,265,553 was covered by collateral held by the State Treasurer on behalf of the City under the collateral pooling method. The Imperial Theatre has \$200,000 of their bank balance covered by federal depository insurance and the remaining \$430,860 was collateralized under the pooling method.

***Investments***

State statute authorizes the City to invest in obligations of the U.S. Treasury; obligations of any agency of the United States of America, provided the payment of interest and principal of such obligations is fully guaranteed by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust ("NCCMT"), an SEC registered mutual fund. Investments are stated at fair value.

At June 30, 2006, the City of Rocky Mount had \$14,487,076 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The City has no policy regarding credit risk.

	<u>Reported value</u>	<u>Fair value</u>	<u>Category</u>
North Carolina Capital Management Trust	<u>\$14,487,076</u>	<u>\$14,487,076</u>	N/A

Total cash and investments of \$37,292,551 reported by the City includes cash on hand of \$5,950 and \$374,332 held by the City in agency funds.

At June 30, 2006, the City had \$5,803,336 in escrow accounts because the amount was restricted as to use. The deposits are to be used to purchase equipment under installment purchase agreements.

***Interest Rate Risk.*** As a means of managing its exposure to fair value losses arising from increasing interest rates, the City has a formal investment policy that limits investment maturities to a maximum of 36 months.

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

**NOTE 3 - ACCOUNTS RECEIVABLE – ALLOWANCES FOR DOUBTFUL ACCOUNTS**

Accounts receivable, as shown in the City's statement of net assets and balance sheet – governmental funds, are net of the following allowances for doubtful accounts:

General fund:	
Ad valorem taxes	\$ 920,045
Customers	<u>77,734</u>
	<u>\$ 997,779</u>
Enterprise funds:	
Customers:	
Electric	\$ 1,144,608
Gas	607,512
Water	175,000
Sewer	218,048
Stormwater	<u>25,033</u>
	<u>\$ 2,170,201</u>

**NOTE 4 - DUE FROM OTHER GOVERNMENTAL AGENCIES**

At June 30, 2006, funds due from other governmental agencies consisted of the following:

	<u>General</u>	<u>Entitlement Grants</u>	<u>General Capital Development Projects</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Sales tax refund	\$ 1,610,854	\$ -	\$ -	\$ -	\$ 1,610,854
Vehicle fee	320,593	-	-	-	320,593
Local option	1,518,886	-	-	-	1,518,886
Franchise tax	448,589	-	-	-	448,589
Grants receivable	39,064	79,683	56,921	1,151,678	1,327,346
Library receivable	-	-	-	1,417,356	1,417,356
Miscellaneous receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>143</u>	<u>143</u>
	<u>\$ 3,937,986</u>	<u>\$ 79,683</u>	<u>\$ 56,921</u>	<u>\$ 2,569,177</u>	<u>\$ 6,643,767</u>

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

**NOTE 5 - CAPITAL ASSETS**

Capital assets at June 30, 2006 are summarized as follows:

At June 30, 2006, construction in progress (CIP) was comprised primarily of renovation of municipal buildings and parks.

Total additions and reductions differ from supporting schedules in the amount of \$3,721,003 due to reclassifications from CIP to depreciable assets.

Governmental Activities by Type:

	June 30, 2005	(See Note 24) Adjustments	Additions	Transfers In (Out)	Disposals	June 30, 2006
Nondepreciable assets:						
Land	\$ 6,151,532	\$ -	\$ -	17,797	\$ -	\$ 6,169,32
Construction in progress	13,271,980	(3,170,765)	4,143,263	(4,623,935)	483,989	9,136,55
	<u>19,423,512</u>	<u>(3,170,765)</u>	<u>4,143,263</u>	<u>(4,606,138)</u>	<u>483,989</u>	<u>15,305,88</u>
Depreciable assets:						
Land improvements	6,912,244	-	82,868	1,386,569	-	8,381,68
Buildings	43,710,222	-	2,460,220	1,887,535	-	48,057,97
Equipment	32,668,065	-	2,275,645	613,801	1,701,747	33,855,76
Infrastructure	37,838,128	-	1,048,644	863,690	-	39,750,46
	<u>121,128,659</u>	<u>-</u>	<u>5,867,377</u>	<u>4,751,595</u>	<u>1,701,747</u>	<u>130,045,88</u>
Less accumulated depreciation and amortization for:						
Land improvements	1,364,511	-	364,273	-	-	1,728,78
Buildings	8,845,846	-	735,466	-	-	9,581,31
Equipment	24,494,211	-	1,951,444	140,690	1,690,081	24,896,26
Infrastructure	8,610,122	-	550,870	-	-	9,160,99
Airport	3,860,771	-	234,410	-	-	4,095,18
	<u>47,175,461</u>	<u>-</u>	<u>3,836,463</u>	<u>140,690</u>	<u>1,690,081</u>	<u>49,462,53</u>
Depreciable assets - net	<u>73,953,198</u>	<u>-</u>	<u>2,030,914</u>	<u>4,610,905</u>	<u>11,666</u>	<u>80,583,35</u>
Total Governmental Activities						
Capital Assets - net	<u>\$ 93,376,710</u>	<u>(3,170,765)</u>	<u>6,174,177</u>	<u>4,767</u>	<u>495,655</u>	<u>\$ 95,889,23</u>

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

**NOTE 5 - CAPITAL ASSETS (Continued)**

Governmental Activities by Function:

	June 30, 2005	Additions	Transfers In (Out)	Adjustments and Disposals	June 30, 2006
Assets:					
General government	\$ 39,412,006	\$ 224,284	\$ 38,433	\$ 4,418,718	\$ 35,256,005
Transit	3,803,631	496,092	-	744,440	3,555,283
Public safety	14,915,189	382,751	(256,372)	24,220	15,017,348
Public works	50,282,587	1,957,436	305,643	800,553	51,745,113
Engineering	1,172,094	120,962	(30,935)	27,224	1,234,897
Parks and recreation	19,447,951	7,402,511	104,067	58,057	26,896,472
Airport	11,518,713	314,157	-	186,221	11,646,649
	<u>140,552,171</u>	<u>10,898,193</u>	<u>160,836</u>	<u>6,259,433</u>	<u>145,351,767</u>
Less accumulated depreciation and amortization for:					
General government	10,771,878	785,476	18,253	46,182	11,529,425
Transit	1,622,718	307,790	-	744,440	1,186,068
Public safety	8,637,357	839,722	(241,483)	23,577	9,212,019
Public works	17,213,006	1,017,137	291,432	791,947	17,729,628
Engineering	989,827	47,609	(30,544)	27,224	979,668
Parks and recreation	4,079,904	604,319	103,032	56,711	4,730,544
Airport	3,860,771	234,410	-	-	4,095,181
	<u>47,175,461</u>	<u>3,836,463</u>	<u>140,690</u>	<u>1,690,081</u>	<u>49,462,533</u>
Total Governmental Activities Capital Assets - net	<u>\$ 93,376,710</u>	<u>\$ 7,061,730</u>	<u>\$ 20,146</u>	<u>\$ 4,569,352</u>	<u>\$ 95,889,234</u>



CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

**NOTE 5 - CAPITAL ASSETS (Continued)**

Electric Fund by Type:

	June 30, 2005	Additions	Transfers In (Out)	Disposals	June 30, 2006
Nondepreciable assets:					
Land	\$ 112,441	\$ -	\$ -	\$ -	\$ 112,441
Construction in progress	-	850,684	-	-	850,684
	<u>112,441</u>	<u>850,684</u>	<u>-</u>	<u>-</u>	<u>963,125</u>
Depreciable assets:					
Land improvements	399,111	5,192	-	-	404,303
Buildings	6,039,310	56,113	-	-	6,095,423
Equipment	34,217,165	1,304,405	(79,018)	583,300	34,859,252
Infrastructure	19,726,660	-	-	-	19,726,660
	<u>60,382,246</u>	<u>1,365,710</u>	<u>(79,018)</u>	<u>583,300</u>	<u>61,085,638</u>
Less accumulated depreciation and amortization for:					
Land improvements	135,691	14,644	-	-	150,335
Buildings	4,130,592	123,849	-	-	4,254,441
Equipment	26,355,282	929,992	(76,696)	580,094	26,628,484
Infrastructure	4,018,905	409,983	-	-	4,428,888
	<u>34,640,470</u>	<u>1,478,468</u>	<u>(76,696)</u>	<u>580,094</u>	<u>35,462,148</u>
Depreciable assets - net	<u>25,741,776</u>	<u>(112,758)</u>	<u>(2,322)</u>	<u>3,206</u>	<u>25,623,490</u>
Total Electric Fund Capital Assets - net	<u>\$ 25,854,217</u>	<u>\$ 737,926</u>	<u>\$ (2,322)</u>	<u>\$ 3,206</u>	<u>\$ 26,586,615</u>

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

**NOTE 5 - CAPITAL ASSETS (Continued)**

Gas Fund by Type:

	June 30, 2005	Additions	Transfers In (Out)	Disposals	June 30, 2006
Nondepreciable assets:					
Land	\$ 8,727	\$ -	\$ -	\$ -	\$ 8,727
Construction in progress	342,884	-	-	342,884	-
	<u>351,611</u>	<u>-</u>	<u>-</u>	<u>342,884</u>	<u>8,727</u>
Depreciable assets:					
Buildings	270,042	-	-	-	270,042
Equipment	5,288,032	349,605	(20,036)	-	5,617,601
Infrastructure	5,245,172	1,087,253	-	-	6,332,425
	<u>10,803,246</u>	<u>1,436,858</u>	<u>(20,036)</u>	<u>-</u>	<u>12,220,068</u>
Less accumulated depreciation and amortization for:					
Buildings	78,575	5,073	-	-	83,648
Equipment	3,241,338	100,271	(20,035)	-	3,321,574
Infrastructure	578,106	74,672	-	-	652,778
	<u>3,898,019</u>	<u>180,016</u>	<u>(20,035)</u>	<u>-</u>	<u>4,058,000</u>
Depreciable assets - net	<u>6,905,227</u>	<u>1,256,842</u>	<u>(1)</u>	<u>-</u>	<u>8,162,068</u>
Total Gas Fund Capital Assets - net	<u>\$ 7,256,838</u>	<u>\$ 1,256,842</u>	<u>\$ (1)</u>	<u>\$ 342,884</u>	<u>\$ 8,170,795</u>

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

**NOTE 5 - CAPITAL ASSETS (Continued)**

Water Fund by Type:

	June 30, 2005	Additions	Transfers In (Out)	Disposals	June 30, 2006
Nondepreciable assets:					
Land	\$ 799,050	\$ 6,530	\$ -	\$ -	\$ 805,580
Construction in progress	24,497	616,139	-	24,497	616,139
	<u>823,547</u>	<u>622,669</u>	<u>-</u>	<u>24,497</u>	<u>1,421,719</u>
Depreciable assets:					
Land improvements	9,095,375	-	-	-	9,095,375
Buildings	12,045,197	-	-	-	12,045,197
Equipment	4,990,016	392,858	(48,053)	-	5,334,821
Infrastructure	21,712,791	679,139	-	-	22,391,930
	<u>47,843,379</u>	<u>1,071,997</u>	<u>(48,053)</u>	<u>-</u>	<u>48,867,323</u>
Less accumulated depreciation and amortization for:					
Land improvements	4,611,081	438,103	-	-	5,049,184
Buildings	4,098,848	244,992	-	-	4,343,840
Equipment	4,266,098	229,314	(47,389)	-	4,448,023
Infrastructure	6,396,731	291,787	-	-	6,688,518
	<u>19,372,758</u>	<u>1,204,196</u>	<u>(47,389)</u>	<u>-</u>	<u>20,529,565</u>
Depreciable assets - net	<u>28,470,621</u>	<u>(132,199)</u>	<u>(664)</u>	<u>-</u>	<u>28,337,758</u>
Total Water Fund Capital Assets - net	<u>\$ 29,294,168</u>	<u>\$ 490,470</u>	<u>\$ (664)</u>	<u>\$ 24,497</u>	<u>\$ 29,759,477</u>

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

**NOTE 5 - CAPITAL ASSETS (Continued)**

Sewer Fund by Type

	June 30, 2005	Additions	Transfers In (Out)	Disposals	June 30, 2006
Nondepreciable assets:					
Land	\$ 109,448	\$ -	\$ -	\$ 17,797	\$ 91,651
Construction in progress	520,000	1,539,680	-	520,000	1,539,680
	<u>629,448</u>	<u>1,539,680</u>	<u>-</u>	<u>537,797</u>	<u>1,631,331</u>
Depreciable assets:					
Land improvements	2,194,447	-	-	-	2,194,447
Buildings	41,902,986	13,188	-	-	41,916,174
Equipment	17,876,802	1,110,860	1,445	3,164,120	15,824,987
Infrastructure	25,360,682	132,660	-	-	25,493,342
	<u>87,334,917</u>	<u>1,256,708</u>	<u>1,445</u>	<u>3,164,120</u>	<u>85,428,950</u>
Less accumulated depreciation and amortization for:					
Land improvements	2,068,226	22,522	-	-	2,090,748
Buildings	11,335,687	736,426	-	-	12,072,113
Equipment	15,359,852	282,165	1,444	3,163,377	12,480,084
Infrastructure	6,632,359	337,940	-	-	6,970,299
	<u>35,396,124</u>	<u>1,379,053</u>	<u>1,444</u>	<u>3,163,377</u>	<u>33,613,244</u>
Depreciable assets - net	<u>51,938,793</u>	<u>(122,345)</u>	<u>1</u>	<u>743</u>	<u>51,815,706</u>
Total Sewer Fund Capital Assets - net	<u>\$ 52,568,241</u>	<u>\$ 1,417,335</u>	<u>\$ 1</u>	<u>\$ 538,540</u>	<u>\$ 53,447,037</u>

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

**NOTE 5 - CAPITAL ASSETS (Continued)**

Storm Water Management Fund by Type:

	June 30, 2005	Additions	Transfers In (Out)	Disposals	June 30, 2006
Nondepreciable assets:					
Land					
Construction in progress	\$ 66,389	\$ 40,223	\$ -	\$ 66,389	\$ 40,223
	<u>66,389</u>	<u>40,223</u>	<u>-</u>	<u>66,389</u>	<u>40,223</u>
Depreciable assets:					
Equipment	1,854,587	263,042	2,625	-	2,120,254
Infrastructure	287,984	66,389	-	-	354,373
	<u>2,142,571</u>	<u>329,431</u>	<u>2,625</u>	<u>-</u>	<u>2,474,627</u>
Less accumulated depreciation and amortization for:					
Equipment	1,176,675	152,260	1,991	-	1,330,926
Infrastructure	6,761	4,757	-	-	11,518
	<u>1,183,436</u>	<u>157,017</u>	<u>1,991</u>	<u>-</u>	<u>1,342,444</u>
Depreciable assets - net	<u>959,135</u>	<u>172,414</u>	<u>634</u>	<u>-</u>	<u>1,132,183</u>
Total Storm Water Management Fund Capital Assets - net	<u>\$1,025,524</u>	<u>\$212,637</u>	<u>\$ 634</u>	<u>\$ 66,389</u>	<u>\$ 1,172,406</u>

Discretely presented component unit

Activity for the Imperial Theatre for the year ended December 31, 2005 was as follows:

	December 31, 2004	Additions	Disposals	December 31, 2005
Capital assets not being depreciated				
Construction in progress	<u>\$ -</u>	<u>\$ 9,024,929</u>	<u>\$ -</u>	<u>\$ 9,024,929</u>

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

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**NOTE 6 - LONG-TERM DEBT**

*Long-Term Debt*

Long-term debt obligations of the City at June 30, 2006 consist of the following:

	<u>Serviced By</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>General Obligation Bonds:</u>		
Refunding series; issued in 1998; due in annual installments of \$1,585,000 to \$2,060,000; maturing through 2010; interest at 4.25% to 5.0%	\$ -	\$ 7,450,000
Deferred amount on refunding	-	(259,967)
Total general obligation bonds	-	7,190,033
<u>Installment Purchases:</u>		
Equipment; due in monthly installments of \$39,007; maturing December 2006; interest at 2.09%	183,705	48,919
Building; due in monthly installments of \$85,989; maturing June 2019; interest at 4.16%	10,347,789	-
Library; due in monthly installments of \$51,342 plus interest; maturing May 2010; interest at 3.66%	2,413,059	-
Equipment; due in monthly installments of \$27,388; maturing May 2007; interest at 7.85%	-	315,101

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

**NOTE 6 - LONG-TERM DEBT (Continued)**

	<u>Served By</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Installment Purchases (Continued):</u>		
Building; due in monthly installments of \$35,000 plus interest; maturing December 2007; interest at 3.43%	\$ 110,000	\$ 100,000
Equipment; due in monthly installments of \$38,192; maturing May 2007; interest at 3.10%	-	230,905
Equipment; due in monthly installments of \$19,321; maturing May 2008, interest at 1.99%	259,603	39,399
Equipment; due in monthly installments of \$21,019; maturing May 2010, interest at 1.99%	423,925	484,528
Equipment; due in monthly installments of \$29,707; maturing June 2009, interest at 3.75%	725,000	285,000
Equipment; due in monthly installments of \$26,337; maturing May 2011, interest at 3.78%	-	1,416,000
Improvements; due in monthly installments of \$68,663; maturing June 2015; interest at 3.21%	<u>365,520</u>	<u>6,067,627</u>
Total installment purchases	<u>14,828,601</u>	<u>8,987,479</u>
<u>Other long-term debt</u>		
Unfunded Special Separation Allowance	614,232	-
Other	<u>90,112</u>	<u>1,194,328</u>
Total other long-term debt	<u>704,344</u>	<u>1,194,328</u>
Total outstanding	15,532,945	17,371,840
Less current portion	<u>2,319,363</u>	<u>3,609,311</u>
	<u>\$ 13,213,582</u>	<u>\$ 13,762,529</u>

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

**NOTE 6 - LONG-TERM DEBT (Continued)**

Long-term debt categorized as "Other" consists of various obligations due to the North Carolina Department of Transportation for reimbursement of road improvement and construction which are typically liquidated by the general fund. Long-term debt categorized as "Other" also includes obligations due the United States Department of Housing and Urban Development for section 108 loans that are generally liquidated by the Entitlement Grants Fund.

The unfunded special separation allowance is typically liquidated by the general fund.

*Changes in long-term debt*

The following is a summary of changes in the City's long-term debt for the year ended June 30, 2006:

	Balances June 30, 2005	Additions	Retirements	Balances June 30, 2006	Due Within One Year
<b>Governmental activities:</b>					
Installment purchases	\$ 16,519,537	\$ 725,000	\$ 2,415,936	\$ 14,828,601	\$ 2,030,375
Unfunded Special Separation Allowance	593,056	236,507	215,331	614,232	215,331
Other	144,683	32,356	86,927	90,112	73,657
Compensated absences	<u>2,545,970</u>	<u>1,643,591</u>	<u>1,465,624</u>	<u>2,723,937</u>	<u>1,465,624</u>
	<u>\$ 19,803,246</u>	<u>\$ 2,637,454</u>	<u>\$ 4,183,818</u>	<u>\$ 18,256,882</u>	<u>\$ 3,784,987</u>
<b>Business-type activities:</b>					
General obligation bonds	\$ 9,016,657	\$ 123,376	\$ 1,950,000	\$ 7,190,033	\$ 1,791,623
Installment purchases	9,219,339	1,701,000	1,932,860	8,987,479	1,787,912
Other	592,894	631,211	29,777	1,194,328	29,776
Compensated absences	<u>585,371</u>	<u>406,919</u>	<u>398,815</u>	<u>593,475</u>	<u>398,815</u>
	<u>\$ 19,414,261</u>	<u>\$ 2,862,506</u>	<u>\$ 4,311,452</u>	<u>\$ 17,965,315</u>	<u>\$ 4,008,126</u>



CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

**NOTE 6 - LONG-TERM DEBT (Continued)**

*Maturities of Long-Term Debt*

The annual requirements to retire all debt outstanding, other than the accrual for possible claims and judgments, unfunded special separation allowance and other long-term debt at June 30, 2006 including interest, are as follows:

	Bond obligation		Installment purchases		Total debt due	
	Principal	Interest	Principal	Interest	Principal	Interest
<b>Governmental Activities</b>						
2007	\$ -	\$ -	\$ 2,030,376	\$ 551,017	\$ 2,030,376	\$ 551,017
2008	-	-	1,768,143	483,162	1,768,143	483,162
2009	-	-	1,683,024	417,881	1,683,024	417,881
2010	-	-	1,394,066	408,839	1,394,066	408,839
2011	-	-	763,335	315,350	763,335	315,350
2012-2016	-	-	4,274,227	1,072,333	4,274,227	1,072,333
2017-2019	-	-	2,915,430	198,138	2,915,430	198,138
	<u>-</u>	<u>-</u>	<u>14,828,601</u>	<u>3,446,720</u>	<u>14,828,601</u>	<u>3,446,720</u>
<b>Business-type Activities</b>						
2007	1,915,000	351,635	1,787,911	276,905	3,702,911	628,540
2008	1,875,000	267,375	1,125,681	220,905	3,000,681	488,280
2009	1,845,000	183,000	1,146,131	182,538	2,991,131	365,538
2010	1,815,000	90,750	1,057,876	144,931	2,872,876	235,681
2011	-	-	956,182	110,668	956,182	110,668
2012-2015	-	-	2,913,698	194,945	2,913,698	194,945
	<u>7,450,000</u>	<u>892,760</u>	<u>8,987,479</u>	<u>825,279</u>	<u>12,567,599</u>	<u>1,718,039</u>
Less refunding	<u>(259,967)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,190,033</u>	<u>\$ 892,760</u>	<u>\$ 23,816,080</u>	<u>\$ 4,271,999</u>	<u>\$ 27,396,200</u>	<u>\$ 5,164,759</u>

The City is subject to the Municipal Finance Law of North Carolina, which limits the amount of net bonded debt (exclusive of certain enterprise bonds) the City may have outstanding up to 8% of the appraised value of property subject to taxation. At June 30, 2006, the City had no debt outstanding which was applicable to limitation and a legal debt margin of \$245,446,398.

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

**NOTE 7 - OPERATING LEASES**

The City has various operating leases. Rent and lease expense charged to operations for all operating leases totaled \$205,857 for the year ended June 30, 2006. The City leases computer equipment under a noncancelable operating lease. The future minimum lease payments under this agreement are as follows:

	<u>Amount</u>
Year ending June 30:	
2007	\$ 215,879
2008	227,491
2009	<u>229,146</u>
	<u><u>\$ 672,516</u></u>

**NOTE 8 - DEFERRED/UNEARNED REVENUES**

The balance in deferred/unearned revenues at June 30, 2006 consists of the following elements:

Government-wide Statements:

	<u>General</u>	<u>Non Major Governmental</u>	<u>Total</u>
Prepaid amounts	\$ 163,714	\$ -	\$ 163,714
Notes receivable	<u>2,008,545</u>	<u>-</u>	<u>2,008,545</u>
	<u><u>\$ 2,172,259</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,172,259</u></u>

Fund Financial Statements:

	<u>General</u>	<u>Non Major Governmental</u>	<u>Total</u>
Ad valorem taxes	\$ 1,392,677	\$ 5,804	\$ 1,398,481
Local option sales tax	884,400	-	884,400
Franchise tax	326,231	-	326,231
Vehicle fees	183,591	-	183,591
Assessments	1,112,709	27,783	1,140,492
Other receivables	23,142	-	23,142
Prepaid amounts	163,714	-	163,714
Notes receivable	<u>2,008,545</u>	<u>-</u>	<u>2,008,545</u>
	<u><u>\$ 6,095,009</u></u>	<u><u>\$ 33,587</u></u>	<u><u>\$ 6,128,596</u></u>

CITY OF ROCKY MOUNT, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2006

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**NOTE 9 - PENSION PLAN OBLIGATIONS**

***Local Government Employees' Retirement System***

*Plan Description*

All permanent full-time City employees participate in the statewide North Carolina Local Governmental Employees' Retirement System (LGERS) a multiple-employer, cost-sharing, defined benefit pension plan. LGERS provides retirement and disability benefits to plan members and beneficiaries. State statute assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy*

Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.90% and 4.78%, respectively, of annual covered payroll. The contribution requirements of members and of the City are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2006, 2005, and 2004 were \$1,611,437, \$1,538,011, and \$1,474,413, respectively. The contributions made by the City equaled the required contributions for each year.

***Law Enforcement Officers Special Separation Allowance ("Plan")***

*Plan Description*

The City administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. State statute assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Plan does not issue a separate report.

All full-time law enforcement officers are covered by the Separation Allowance. At December 31, 2005, the Separation Allowance's membership consisted of:

Retirees receiving benefits	140
Active plan members	<u>17</u>
	<u>157</u>

CITY OF ROCKY MOUNT, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2006

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**NOTE 9 - PENSION PLAN OBLIGATIONS (Continued)**

*Summary of Significant Accounting Policies*

Basis of Accounting: The City has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the general fund, which is maintained on the modified accrual basis of accounting.

Method Used to Value Investments: No funds are set aside to pay benefits and administration costs. These expenditures are paid as they become due.

*Contributions*

The City is required by State statute to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the general fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2004, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions used in the valuation include (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected annual salary increases ranging from 5.9% to 9.8% per year compounded annually with 3.75% attributable to inflation and the balance attributable to merit or seniority. The assumptions did not include postretirement benefit increases.

The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2004 was 25 years.

*Annual Pension Cost and Net Pension Obligation:*

The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 227,572
Interest on net pension obligation	42,997
Adjustment to annual required contribution	<u>(34,062)</u>
Annual pension cost	236,507
Contributions made	<u>215,331</u>
Increase in net pension obligation	21,176
Net pension obligation, beginning	<u>593,056</u>
Net pension obligation, ending	<u>\$ 614,232</u>

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

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**NOTE 9 - PENSION PLAN OBLIGATIONS (Continued)**

**Trend Information**

	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation End of Year</u>
Year ended:			
June 30, 2004	\$ 206,590	73.80%	\$ 530,089
June 30, 2005	225,860	72.12%	593,056
June 30, 2006	236,507	91.05%	614,232

***Supplemental Retirement Income Plan***

*Plan Description*

All full-time employees of the City participate in the Supplemental Retirement Income Plan, a multiple-employer, defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. Participation begins at the date of employment. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All amounts contributed are vested immediately. Also, all employees may make voluntary contributions to the plan. By North Carolina law, the authority to establish and amend benefit provisions has been assigned to the North Carolina General Assembly.

*Funding Policy*

State statute requires that the City contribute each month an amount equal to 5% of the employees' compensation for all law enforcement officers. The City makes a similar contribution for all other full-time employees equal to 4% of the employees' salary.

The City's contributions were calculated using a covered payroll amount of \$5,675,400 for employees engaged in law enforcement and \$25,058,250 for all other full-time employees. Total contributions for the year ended June 30, 2006 were \$1,286,100, which consisted of \$283,770 for employees engaged in law enforcement and \$1,002,330 for all other employees. Voluntary contributions made by all City employees totaled \$704,514.

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

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**NOTE 9 - PENSION PLAN OBLIGATIONS (Continued)**

***Fireman's and Rescue Squad Workers' Pension Fund***

*Plan Description*

The State of North Carolina contributes, on behalf of the City, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the Fund. State statute assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Worker's Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy*

Plan members are required to contribute \$10 per month to the Fund. The State, a nonemployer contributor, funds the plan through appropriations. The City does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly. The City has recognized as a revenue and an expenditure \$25,033 in payments made to the Fund by the State on-behalf of the City for the year ended June 30, 2006.

**NOTE 10 - POST-EMPLOYMENT BENEFITS**

The City (by local ordinance) provides health care benefits to retirees of the City who participate in the North Carolina Local Governmental Employees' Retirement System (LGERS) and meet the following criteria. The retiree must have at least five years of creditable service with the City and the retirement must be due to a medical condition, which is subject to review by the North Carolina Medical Review Board. In addition, the City pays the full cost of coverage for these benefits for retirees with a minimum of thirty years of creditable service with the City. Retirees who do not meet the aforementioned criteria have the option to purchase basic medical insurance for themselves and their dependents through the City for eighteen months. The entire cost of this insurance is borne by the retirees. Currently, 158 retirees are eligible for postretirement health benefits.

For the year ended June 30, 2006, the City made payments for post-retirement health benefits premiums of \$530,000 and incurred actual claims costs of \$699,372. The City maintains health care coverage through a combination of self-insurance and private insurers (see Note 12).

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

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**NOTE 10 - POST-EMPLOYMENT BENEFITS (Continued)**

The City also provides death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$20,000. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the year ended June 30, 2006, the City made contributions to the State for death benefits of \$35,379. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .10% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

**NOTE 11 - DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 401. The plan, available to all full time City employees after one year of service, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

The City also provides a 457 plan to a limited number of employees.

The City contributed a total of \$1,298,100 to the plans for the year ended June 30, 2006.

**NOTE 12 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City protects itself from potential loss through a combination of purchases of commercial insurance for primary and/or excess coverage and self-insured retention.

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

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**NOTE 12 - RISK MANAGEMENT (Continued)**

The City is self-insured for workers' compensation benefits, employers' liability, general liability, public officials/errors and omissions liability, law enforcement liability, direct damage, sexual misconduct and City vehicle damage. The Workers' Compensation Plan is administered by the City's Human Resources Department with assistance from a risk management consultant. All other insurance claims are administered by a third party administrator with the exception of claims below \$10,000 which are handled by the City. The City has purchased insurance to cover individual claims exceeding the following amounts:

<u>Line of coverage</u>	<u>City's net retention</u>
Workers' compensation and employers' liability	\$ 500,000
Property damage	100,000
General liability, public officials/errors and omissions liability, law enforcement liability, and flood and earthquake	300,000
Auto liability and physical damage	25,000

In addition, the City maintains insurance coverage for excess direct damage and umbrella liability. The City has not had a significant reduction in insurance coverage as compared to prior year coverage for any categories of risk. Also, the City has not had any settlements exceeding insurance coverage for any of the past three fiscal years.

The City currently reports its risk management activities and insurance costs in the operating funds to which such expenses apply. Claims expenditures falling within the retention coverages are generally reported when amounts are paid or, in the event of significant losses, when such amounts are probable and the amounts can be determined. The City has recorded an accrual totaling \$309,643 for estimated claims which will be covered under self-insurance retention. The portion of the estimated liability relating to workers' compensation benefits is \$309,643 and the remaining \$0 relates to property, general and automobile liability.

The City has recorded an accrual totaling \$150,000 for possible claims related to the clean up of hazardous waste (see Note 20).

Changes in the reported liability for possible claims and judgments during fiscal years 2006 and 2005 are summarized as follows:

	<u>2006</u>	<u>2005</u>
Balance, beginning	\$ 126,231	\$ 715,097
Current year claims and changes in estimates	680,465	87,210
Claim payments	<u>(497,056)</u>	<u>(676,076)</u>
Balance, ending	<u>\$ 309,643</u>	<u>\$ 126,231</u>



CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

**NOTE 13 - INTERFUND BALANCES**

The composition of interfund balances as of June 30, 2006 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Public Transportation	\$ 177,712
General	General Capital	231,643
General	General Capital Construction	800,000
General	Occupancy Tax	<u>82,231</u>
Interfund balances are used to provide operating support.		<u>\$ 1,291,586</u>

**NOTE 14 - INTERFUND TRANSFERS**

The interfund transfers for the year ended June 30, 2006 are:

Transfer In:

	General Fund	Entitlement Grant Fund	General Capital Development Fund	Nonmajor governmental funds	Stormwater Management Fund	Total
Transfer out:						
General Fund	\$ -	\$ 60,000	\$ 223,000	\$ 344,164	\$ 300,000	\$ 927,164
Nonmajor governmental funds	119,000	-	142,000	700,000	400,000	1,361,000
Electric Fund	1,000,000	-	-	16,500	-	1,016,500
Gas Fund	1,000,000	-	-	-	-	1,000,000
Water Fund	330,000	-	-	-	-	330,000
Total	<u>\$ 2,449,000</u>	<u>\$ 60,000</u>	<u>\$ 365,000</u>	<u>\$ 1,060,664</u>	<u>\$ 700,000</u>	<u>\$ 4,634,664</u>

General Fund and nonmajor governmental fund transfers are used to move unrestricted fund revenues to support various programs that the government must account for in other funds in accordance with budgetary authorizations. The transfer between nonmajor governmental funds was to utilize restricted fund revenues from hotel occupancy taxes to fund the construction of recreational buildings.

Electric, Gas, and Water Fund transfers are operating transfers which represent a return on the investment of the utility. These operating transfers are made within guidelines established in the City's administrative policy. Currently, the electric fund may transfer a maximum of 3% of the fund's gross fixed assets; the gas fund may transfer a maximum of 75% of the fund's income before transfers; and the water fund may transfer a maximum of 50% of income before transfers.

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

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**NOTE 15 - JOINT VENTURE**

***Rocky Mount-Wilson Airport Authority***

The City, in conjunction with the City of Wilson, Nash County, Edgecombe County and Wilson County, participates in a joint venture to operate the Rocky Mount-Wilson Airport Authority. Each of the entities appoints members of the seven member board of commissioners of the Authority. The City appoints two of the seven board members. The City has an ongoing financial responsibility for the airport and contributed \$85,429 to the Authority for operating purposes and capital outlay during the year ended June 30, 2006. The participants in the joint venture have an equity interest in the Authority's real property; therefore, an equity interest of \$7,551,468 (cost of \$11,646,649 less accumulated depreciation of \$4,095,181) has been reflected in the City's statement of net assets as capital assets at June 30, 2006. The current year decrease in the investment of \$106,474 is included in general governmental revenues in the statement of activities net of the City's contributions to the Authority during the year ended June 30, 2006. Complete financial statements for the Authority may be obtained from the Authority's administrative offices at 250 Airport Road, Elm City, North Carolina 27822.

**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS**

The City participates in two jointly governed organizations with other entities as follows:

***Braswell Memorial Library***

The City, in conjunction with the Library Association, Nash County and Edgecombe County, participates in a jointly governed organization to operate the Braswell Memorial Library. Each of the entities appoints members of the twelve member board of trustees of the library. The City appoints three of the twelve board members. The City contributed \$570,800 to the library's operating purposes during the year ended June 30, 2006.

***North Carolina Eastern Municipal Power Agency***

On September 28, 1981, the City Council adopted an ordinance authorizing the City's participation in the North Carolina Eastern Municipal Power Agency (the "Agency") and as such is a part owner in several electrical generating plants operated by Carolina Power and Light Company ("CP&L").

Under the contracts executed by the City with the Agency, the Agency became the "all requirements" power supplier to the City. The City is obligated to pay for this power at rates set by the Agency and to set electrical utility rates at a level such that sufficient electrical revenues are generated to meet the obligations to the Agency. The Agency furnishes power to the City and the 31 other North Carolina municipalities participating in the Agency through its ownership of a portion of CP&L's generating capacity, together with additional purchases of power and energy as needed to meet the "all requirements" needs of the 32 municipalities. The City's share of the power and energy from the Initial Project is 16.026%. Under the terms of the agreement with the Agency, the City is obligated to pay such proportionate share of the Agency's Initial Project, whether the generators produce power or not. This is commonly referred to as a "take or pay" contract in the utility industry. This agreement expires on the later of (i) January 1, 2032 or (ii) the date upon which the last generating unit of the Initial Project is retired.

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

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**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS (Continued)**

To finance its ownership interest in the Initial Project, the Agency issued bonds. At December 31, 2005, \$2,898,255,000 of the bonds were outstanding (net of unamortized premium of \$13,995,000). The Agency bills each participant monthly for power costs and the participant's share of debt service on the Agency's bonds.

Also, on December 9, 1991, the City Council authorized the City to enter into a subsequent agreement with the Agency whereby the Agency would construct, own and operate three combustion turbine plants totaling up to 240 megawatts (the "Peaking Project"). This agreement is also considered a "take or pay" contract and was entered into by 27 of the 32 municipalities that entered into the Initial Project. The City is obligated to pay 14.4093% of the Agency's costs of the Peaking Project and is entitled to a like percentage of energy and power from the project. The first two of these plants are now anticipated to begin supplying power in January 2005 and the third unit may begin operation at a future date if needed.

To finance the construction of the Peaking Project, the Agency issued \$113,000,000 in bonds (Series 1993 A) in January 1993. During 2000, \$103,790,000 of the bonds were called and none remained outstanding.

As needed, the City purchases electrical power from the Southeastern Power Administration in addition to electrical purchases from the Agency.

**NOTE 17 - RELATED ORGANIZATION**

***Rocky Mount Housing Authority***

The Rocky Mount Housing Authority (Authority) provides decent, safe and sanitary low rent housing for low-income families who cannot afford private housing. The mayor of the City appoints the entire board of the Authority; however, the City is unable to impose its will on the Authority. The Authority owns numerous housing properties in various locations within the City. Annually, the City receives a payment in lieu of taxes from the Authority. For the year ended June 30, 2006, this payment totaled \$39,914.

**NOTE 18 - UTILITY SERVICE FEES**

The general fund charges the enterprise funds a utility service fee to reimburse the general fund for overhead expenses which are not specifically identified with the utility operations. Utility service fees totaling \$8,454,393 are recorded as operational expense in the enterprise funds and as a reduction of operating expenditures of the general fund.

The Electric Fund charges all City departments a telephone fee based on usage to reimburse the Electric Fund for services, maintenance and debt associated with the telephone system. Telephone fees totaling \$454,486 are recorded as operating expense in each City department and as a reduction of operating expenses in the Electric Fund.

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

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**NOTE 19 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

***Federal and State Funds***

The City participates in a number of federal and State grant programs. For the fiscal year ended June 30, 2006, these programs were subject to audit in accordance with the Single Audit Act of 1984, the provisions of OMB Circular A-133 and the State Single Audit Implementation Act. The amount, if any, of expenditures which may be disallowed by the granting agencies resulting from any such audit cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

***Deficit Fund Balances***

The following funds had deficit fund balances in the current year:

Public Transportation Grants Fund	\$ 14,929
Occupancy Tax Fund	13,616

The City plans to correct the Public Transportation deficit by increasing rates and requesting funding from the participating counties in the Rural Program. The deficit in the Occupancy Tax fund will be corrected by a reduction in expenditures.

**NOTE 20 - COMMITMENTS AND CONTINGENCIES**

***Environmental Concerns***

In 1984 the City sold two tracts of real estate, totaling approximately 105 acres, which for many years had been used as the Rocky Mount Municipal Airport. Subsequent to June 30, 1999, the City reacquired the real estate. The airport was closed in the late 1970's following the construction of the Rocky Mount-Wilson Airport. In the latter part of 1987, several highway construction workers became ill during the widening of a highway adjacent to the property. An investigation revealed the presence of hazardous waste on the property concentrated in an area close to the highway and in smaller amounts on other portions of the property. The most likely source of the chemicals is considered to be a crop dusting business that flew out of the airport during the 1970's, and which is thought to have emptied left-over pesticide in the area where the hazardous waste was discovered.

The City and prior owner have agreed to split the cost to clean up the waste and are seeking legal action against the crop duster. Under State and federal law, all owners of property, present and past, on which hazardous waste is discovered are jointly and severally liable for the clean-up cost, regardless of who created, caused, or contributed to the hazardous condition if it existed on the property during their period of ownership. Clean up of the hazardous waste has commenced and to date the City has paid \$3,655,795 of the clean-up costs. However, the ultimate cost to cure this problem cannot presently be determined. With respect to the clean up, City management believes that the ultimate outcome will not have a material adverse effect on the City's financial position.

***Appropriation to School System***

During fiscal year 1991-92, the North Carolina General Assembly enacted legislation to provide for the merger and consolidation of the School Administrative Units in Nash County and the City of Rocky Mount. The legislation created the "Nash-Rocky Mount Board of Education" (the "Board") and became effective on July 1, 1992.

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

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**NOTE 20 - COMMITMENTS AND CONTINGENCIES (Continued)**

The Board was given the responsibility to operate and administer all of the public schools in the Nash-Rocky Mount School Administrative Unit with funding originating from Edgecombe and Nash Counties and the City. The City has agreed to contribute an amount equal to the current appropriation per student differential occurring between Nash and Edgecombe Counties each year, indefinitely. The amount contributed under this agreement was \$875,293 for the year ended June 30, 2006.

***Litigation Matters***

The City is a defendant in various other claims and litigation arising in the normal course of operations. In the opinion of management, resolution of these matters will not result in a material adverse effect on the City's financial position.

**NOTE 21 - ELECTRIC DEREGULATION**

In 1997, the General Assembly appointed the Study Commission on the Future of Electric Service in North Carolina ("Study Commission") to examine the cost, adequacy, availability and pricing of electric rates in North Carolina, in order to determine whether legislation is necessary to assure an adequate and reliable source of electricity and economical, fair and equitable rates for all consumers in North Carolina.

The Study Commission submitted its report to the 2000 General Assembly on May 16, 2000, which included a recommendation that fully competitive electric retail service be available to all North Carolina electric consumers by January 1, 2006, but no definitive legislation was proposed. In the time since the Study Commission made its recommendations, there have been several developments outside of North Carolina, particularly the electric power outages occurring in late 2000 and 2001 in California. While the Study Commission has not withdrawn its 2000 recommendations, these outside events make it likely that any action toward electric deregulation in North Carolina will proceed slowly. Also, the Study Commission has not met since 2002.

The City and the Electric Agency are unable to predict the ultimate results of the recommendations made by the Study Commission or other interested parties, or whether any recommendations to the General Assembly will eventually be enacted into law.

Although the impact of retail electric competition cannot be measured at this time, if such competition becomes applicable to the City, it may cause significant changes in 1.) the number of customers, 2.) the costs to the customers, 3.) revenues, 4.) financing costs, and (5) debt ratings.

**NOTE 22 – DISCRETELY PRESENTED COMPONENT UNIT**

The following significant component unit information and accounting policies are disclosed to allow for fair presentation and to supplement the financial data included in the combined financial statements.

**Deposits**

The Theatre's deposit information is disclosed in Note 2.

**Capital Assets**

The Theatre's capital assets are disclosed in Note 5.

CITY OF ROCKY MOUNT, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2006

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**NOTE 22 – DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**Pledged Assets and Long-Term Debt**

Long-term debt at December 31, 2005 and collateral pledged thereon consists of the following:

Note payable to bank ("A Note"), interest due monthly at 0.5%, principal and interest payments commence on July 2012, matures December 2045, guaranteed by minority member and collateralized by deed of trust and assignment of rents. The outstanding balance at December 31, 2005 was \$6,499,000.

Note payable to bank ("B Note"), interest accrues at 1.0% and payments commence July 2012, principal payments commence July 2015, matures December 2045, guaranteed by minority member and collateralized by deed of trust and assignment of rents. The outstanding balance at December 31, 2005 was \$1,801,863.

The City has placed escrow funds totaling \$6,499,000 in a cash collateral account owned by The Rocky Mount Business Development Authority ("BDA") and collateralized by the lender. At the end of seven years, the BDA has the right to use the cash collateral account to pay Note A in full.

**Related Party Transactions**

The Theatre entered into a lease agreement dated January 11, 2005, with the City. Under the agreement Theatre will receive \$70,000 annually for seven years commencing on the earlier of the date on which the certificate of occupancy for the building is issued or December 31, 2005. After the initial seven years, the rent increases to \$300,000 annually through 2044. The City is responsible for all repairs and maintenance, insurance, and operating costs. The lease is a nonappropriation lease whereby the City has the power to decide not to appropriate funds to pay the lease payments.

The Theatre entered into a Paying Agent Agreement with the City whereby the City acts as the paying agent for the Theatre under all contracts related to the construction and equipping of the Theatre. The agreement requires the Theatre to provide the City with a copy of each invoice to be paid in addition to transferring funds to the City in the amount of the invoice(s) to be paid. The City then makes the payment of each invoice for no charge except reimbursement for any out of pocket costs incurred. All disbursed funds for the 2005 year were paid by the City under the Paying Agent Agreement.

**NOTE 23 - RECONCILIATION OF INTERFUND RECEIVABLES AND PAYABLES BETWEEN THE PRIMARY GOVERNMENT AND COMPONENT UNITS**

The City has a fiscal year that ends on June 30, 2006 and the Imperial Theatre has a fiscal year that ends on December 31, 2005 the amounts reported below between the City and the Imperial Theatre differ. This difference resulted from the City's payment to the Imperial Theatre after the Imperial Theatre's year end. A reconciliation of the amounts presented is as follows:

Payable	<u>\$ 852,039</u>
Imperial Theatre	
Difference:	
Due to different fiscal year ends	<u>371,520</u>
Receivable	
City	<u>\$ 480,519</u>

CITY OF ROCKY MOUNT, NORTH CAROLINA  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2006

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**NOTE 24 – PRIOR PERIOD ADJUSTMENTS**

The City's Imperial Theatre Capital Project Fund which is used to account for receipts and disbursements for and to the Imperial Theatre was not included in the governmental fund financial statements or the governmental activities of the City in fiscal year 2005. The City's agency fund for transactions paid under the Paying Agent Agreement with the Imperial Theatre was not included in the City's financial statements in fiscal year 2005 but the capital expenditures included in this fund were capitalized in the City's governmental activities. The net adjustment to beginning net assets in the statement of net assets for governmental activities was an overstatement of \$121,229. The City's governmental activities did not reflect the accrual of the September 2005 sales tax and franchise tax distributions which relate to June 30, 2005. The governmental activities beginning net assets have been adjusted by an increase of \$1,191,290.

The net prior period adjustments to the governmental activities beginning net assets is \$1,312,519.

The adjustment to beginning governmental fund balances for this error was \$3,291,994.

In addition, the Agency fund for the Theatre as of June 30, 2005 was not reported. The adjustment to present the Agency fund at the beginning of the year was \$680,383.

## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

This section contains information required by accounting principles generally accepted in the United States of America.



**CITY OF ROCKY MOUNT, NORTH CAROLINA  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROCESS**

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Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) projected unit credit (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll ( c )	UAAL as a % of covered payroll [(b-a)/c]
12/31/95	\$ -	\$ 441,980	\$ 441,980	0.00%	\$ 2,681,943	16.48%
12/31/96	-	679,910	679,910	0.00%	3,797,646	17.90%
12/31/97	-	757,066	757,066	0.00%	4,055,282	18.67%
12/31/98	-	908,997	908,997	0.00%	4,306,478	21.11%
12/31/99	-	876,024	876,024	0.00%	4,501,489	19.46%
12/31/00	-	1,312,750	1,312,750	0.00%	4,529,098	28.98%
12/31/01	-	1,619,495	1,619,495	0.00%	4,829,736	33.53%
12/31/02	-	1,818,091	1,818,091	0.00%	5,079,552	35.79%
12/31/03	-	2,090,613	2,090,613	0.00%	5,329,225	39.23%
12/31/04	-	2,205,545	2,205,545	0.00%	5,219,243	42.26%
12/31/05	-	2,187,659	2,187,659	0.00%	6,024,089	36.32%

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

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	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
Year Ending June 30:		
1996	\$ 63,026	83.08%
1997	63,026	83.06%
1998	99,165	51.83%
1999	107,827	58.68%
2000	126,352	58.80%
2001	128,405	46.29%
2002	151,339	54.54%
2003	176,638	60.23%
2004	198,195	76.92%
2005	217,166	75.00%
2006	227,572	94.62%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as a part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follow:

Valuation date	12/31/2005
Actuarial cost method	Projected unit credit
Amortization method	Level percent pay closed
Remianing amortization period	25 years
Assets valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5% to 12.3%
Cost of living adjustments	N/A

\*Includes inflations at 3.75%

## **MAJOR GOVERNMENTAL FUNDS**

### **GENERAL FUND**

The General Fund is established to account for the revenues and expenditures traditionally associated with operating governmental service functions, except for those resources required to be accounted for in another fund.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2006**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes:			
Ad valorem taxes:			
Current year	\$ 15,250,000	\$ 15,035,591	\$ (214,409)
Prior years	300,000	282,775	(17,225)
Penalties and interest	150,000	152,700	2,700
	<u>15,700,000</u>	<u>15,471,066</u>	<u>(228,934)</u>
Intergovernmental revenues:			
Payment in lieu of taxes	1,059,200	1,064,094	4,894
Local option sales tax	8,720,000	8,645,938	(74,062)
Telecommunications tax	700,000	649,543	(50,457)
Franchise tax	2,425,000	2,286,691	(138,309)
Tax refunds	35,000	96,899	61,899
Beer and wine tax	-	248,713	248,713
ABC revenues	47,000	42,158	(4,842)
Court facilities fees	224,000	159,325	(64,675)
State grants	87,984	93,853	5,869
On behalf payments - fire	-	25,033	25,033
Other	579,000	580,326	1,326
	<u>13,877,184</u>	<u>13,892,573</u>	<u>15,389</u>
Licenses, permits and other taxes:			
Privilege licenses	100,000	97,067	(2,933)
Buildings permits and inspection fees	700,000	736,360	36,360
Rental vehicle tax	50,000	46,056	(3,944)
Animal tax	40,000	25,453	(14,547)
Other	255,000	249,342	(5,658)
	<u>1,145,000</u>	<u>1,154,278</u>	<u>9,278</u>
Sales and service:			
Solid waste and recycling charge	2,989,000	2,853,035	(135,965)
Reconnection charges	240,000	280,401	40,401
Weed control charges	95,000	65,391	(29,609)
Cemetery revenues	190,000	170,973	(19,027)
Sale of fixed assets	95,000	108,316	13,316
Recreation department fee	670,000	410,120	(259,880)
Traffic maintenance charges	6,500	297,557	291,057
Jail fees	1,200	5	(1,195)
Transfer station charges	3,200,000	2,323,148	(876,852)
Concessions	-	29,662	29,662
Other	653,500	548,541	(104,959)
	<u>8,140,200</u>	<u>7,087,149</u>	<u>(1,053,051)</u>
Investment earnings	<u>380,365</u>	<u>711,602</u>	<u>331,237</u>

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2006**

	Budget	Actual	Variance Positive (Negative)
Revenues (continued):			
Miscellaneous:			
Insurance	\$ -	\$ 11,000	\$ 11,000
Demolition assessment	80,000	29,549	(50,451)
Excess utility tax	365,000	378,476	13,476
Rents	284,800	321,236	36,436
Contributions	10,000	12,387	2,387
Parking	13,000	9,960	(3,040)
Other	96,000	401,101	305,101
	<u>848,800</u>	<u>1,163,709</u>	<u>314,909</u>
 Total revenues	 <u>40,091,549</u>	 <u>39,480,377</u>	 <u>(611,172)</u>
Expenditures:			
General government:			
Mayor and council:			
Salaries	66,081	66,080	-
Employee benefits	24,251	23,721	-
Operating expenses	624,560	359,330	-
Utility service fee	(133,700)	(133,700)	-
	<u>581,192</u>	<u>315,431</u>	<u>265,761</u>
 City clerk:			
Salaries	163,975	163,964	-
Employee benefits	40,992	40,895	-
Operating expenses	43,115	31,665	-
Capital outlay	17,000	10,644	-
Utility service fee	(43,350)	(43,350)	-
	<u>221,732</u>	<u>203,818</u>	<u>17,914</u>
 Community services:			
Salaries	-	-	-
Operating expenses	776,829	739,299	-
Utility service fee	(264,800)	(264,800)	-
	<u>512,029</u>	<u>474,499</u>	<u>37,530</u>
 City manager:			
Salaries	543,273	543,050	-
Employee benefits	124,476	121,984	-
Operating expenses	66,353	57,615	-
Utility service fee	(166,100)	(166,100)	-
	<u>568,002</u>	<u>556,549</u>	<u>11,453</u>
 Public affairs:			
Salaries	111,592	111,590	-
Employee benefits	30,297	29,967	-
Operating expenses	15,875	13,937	-
Capital outlay	4,000	3,646	-
Utility service fee	(56,250)	(56,250)	-
	<u>105,514</u>	<u>102,890</u>	<u>2,624</u>

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2006**

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
General government (continued):			
Downtown development:			
Salaries	\$ 71,729	\$ 71,726	\$ -
Employee benefits	17,127	16,067	-
Operating expenses	52,045	32,649	-
Utility service fee	(26,800)	(26,800)	-
	<u>114,101</u>	<u>93,642</u>	<u>20,459</u>
Finance:			
Administration:			
Salaries	190,783	188,694	-
Employee benefits	43,477	41,447	-
Operating expenses	1,540,546	719,906	-
Utility service fee	(804,800)	(804,800)	-
	<u>970,006</u>	<u>145,247</u>	<u>824,759</u>
Accounting:			
Salaries	377,685	345,509	-
Employee benefits	86,084	79,697	-
Operating expenses	41,232	41,087	-
Capital outlay	1,868	1,868	-
Utility service fee	(391,100)	(391,100)	-
	<u>115,769</u>	<u>77,061</u>	<u>38,708</u>
Purchasing:			
Salaries	289,025	289,017	-
Employee benefits	75,662	74,678	-
Operating expenses	36,600	33,005	-
Utility service fee	(298,400)	(298,400)	-
	<u>102,887</u>	<u>98,300</u>	<u>4,587</u>
Utility billing:			
Salaries	1,603,319	1,538,194	-
Employee benefits	386,397	380,214	-
Operating expenses	471,410	403,869	-
Capital outlay	208,650	42,815	-
Utility service fee	(2,411,200)	(2,411,200)	-
	<u>258,576</u>	<u>(46,108)</u>	<u>304,684</u>

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2006**

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
General government (continued):			
Finance (continued):			
Information systems:			
Salaries	\$ 458,092	\$ 443,811	\$ -
Employee benefits	93,049	89,287	-
Operating expenses	887,600	755,154	-
Capital outlay	819,850	263,332	-
Utility service fee	(1,752,000)	(1,752,000)	-
	<u>506,591</u>	<u>(200,416)</u>	<u>707,007</u>
Total finance	<u>1,953,829</u>	<u>74,084</u>	<u>1,879,745</u>
Central services:			
Municipal building:			
Salaries	225,976	223,208	-
Employee benefits	63,412	62,163	-
Operating expenses	567,865	548,518	-
Capital outlay	8,950	7,154	-
Utility service fee	(471,800)	(471,800)	-
	<u>394,403</u>	<u>369,243</u>	<u>25,160</u>
Print shop:			
Operating expenses	91,700	136,318	-
Utility service fee	(45,000)	(45,000)	-
	<u>46,700</u>	<u>91,318</u>	<u>(44,618)</u>
Judicial center:			
Salaries	104,712	103,577	-
Employee benefits	26,210	25,694	-
Operating expenses	90,435	87,643	-
Capital outlay	4,865	3,659	-
	<u>226,222</u>	<u>220,573</u>	<u>5,649</u>
Total central services	<u>667,325</u>	<u>681,134</u>	<u>(13,809)</u>
Planning and development:			
Planning administration:			
Salaries	371,681	366,895	-
Employee benefits	82,313	81,237	-
Operating expenses	53,000	40,987	-
Capital outlay	4,800	3,557	-
	<u>511,794</u>	<u>492,676</u>	<u>19,118</u>

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2006**

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
General government (continued):			
Planning and development (continued):			
Inspections:			
Salaries	\$ 490,175	\$ 454,827	\$ -
Employee benefits	117,981	101,832	-
Operating expenses	52,230	41,736	-
Capital outlay	13,300	13,283	-
	<u>673,686</u>	<u>611,678</u>	<u>62,008</u>
CDBG entitlement grant:			
Salaries	235,749	192,399	-
Employee benefits	59,921	45,484	-
Operating expenses	12,450	8,437	-
	<u>308,120</u>	<u>246,320</u>	<u>61,800</u>
Total planning and development	<u>1,493,600</u>	<u>1,350,674</u>	<u>142,926</u>
Human resources:			
Salaries	433,335	429,468	-
Employee benefits	569,454	549,272	-
Operating expenses	111,970	80,280	-
Utility service fee	(465,900)	(465,900)	-
Total human resources	<u>648,859</u>	<u>593,120</u>	<u>55,739</u>
Human relations:			
Salaries	234,924	234,871	-
Employee benefits	57,866	57,146	-
Operating expenses	13,165	11,469	-
Utility service fee	(50,000)	(50,000)	-
Total human relations	<u>255,955</u>	<u>253,486</u>	<u>2,469</u>
Total general government	<u>7,122,138</u>	<u>4,699,327</u>	<u>2,422,811</u>
Public safety:			
Police:			
Administration:			
Salaries	180,231	180,221	-
Employee benefits	282,739	278,484	-
Operating expenses	99,690	87,408	-
	<u>562,660</u>	<u>546,113</u>	<u>16,547</u>



**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2006**

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Public safety (continued):			
Police (continued):			
Administrative services:			
Salaries	\$ 629,039	\$ 627,185	\$ -
Employee benefits	157,583	152,701	-
Operating expenses	113,200	111,179	-
Capital outlay	23,000	22,998	-
	<u>922,822</u>	<u>914,063</u>	<u>8,759</u>
Staff services:			
Salaries	1,172,851	1,166,965	-
Employee benefits	315,174	297,299	-
Operating expenses	336,900	282,288	-
Capital outlay	52,400	52,062	-
	<u>1,877,325</u>	<u>1,798,614</u>	<u>78,711</u>
Field operations:			
Salaries	4,382,590	4,303,456	-
Employee benefits	1,276,703	1,212,244	-
Operating expenses	416,600	396,610	-
Capital outlay	262,700	254,931	-
	<u>6,338,593</u>	<u>6,167,241</u>	<u>171,352</u>
Investigative services:			
Salaries	953,065	865,588	-
Employee benefits	228,610	212,558	-
Operating expenses	83,555	78,913	-
Capital outlay	17,000	16,885	-
	<u>1,282,230</u>	<u>1,173,944</u>	<u>108,286</u>
Total police	<u>10,983,630</u>	<u>10,599,975</u>	<u>383,655</u>
Fire:			
Administration:			
Salaries	156,231	156,230	-
Employee benefits	32,228	30,612	-
Operating expenses	239,460	232,883	-
Capital outlay	58,200	56,236	-
	<u>486,119</u>	<u>475,961</u>	<u>10,158</u>
On behalf of payments - fire	<u>-</u>	<u>25,033</u>	<u>(25,033)</u>

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2006**

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Public safety (continued):			
Fire (continued):			
Operations:			
Salaries	\$ 5,493,435	\$ 5,467,794	\$ -
Employee benefits	1,347,506	1,341,000	-
Operating expenses	394,948	375,677	-
Capital outlay	41,425	41,109	-
	<u>7,277,314</u>	<u>7,225,580</u>	<u>51,734</u>
Prevention:			
Salaries	398,002	369,653	-
Employee benefits	80,108	76,082	-
Operating expenses	27,490	20,394	-
	<u>505,600</u>	<u>466,129</u>	<u>39,471</u>
Training:			
Salaries	262,667	262,120	-
Employee benefits	59,778	59,311	-
Operating expenses	26,240	23,083	-
	<u>348,685</u>	<u>344,514</u>	<u>4,171</u>
Total fire	<u>8,617,718</u>	<u>8,537,217</u>	<u>80,501</u>
Total public safety	<u>19,601,348</u>	<u>19,137,192</u>	<u>464,156</u>
Public works:			
Administration:			
Salaries	123,347	122,846	-
Employee benefits	30,032	27,970	-
Operating expenses	33,213	26,067	-
	<u>186,592</u>	<u>176,883</u>	<u>9,709</u>
Street and row maintenance:			
Salaries	658,674	658,033	-
Employee benefits	197,380	193,304	-
Operating expenses	887,250	878,375	-
Capital outlay	392,850	231,490	-
Service charges	(475,000)	(513,324)	-
	<u>1,661,154</u>	<u>1,447,878</u>	<u>213,276</u>
Housing code enforcement:			
Salaries	355,555	340,180	-
Employee benefits	85,056	82,355	-
Operating expenses	356,306	350,269	-
Capital outlay	42,500	42,348	-
	<u>839,417</u>	<u>815,152</u>	<u>24,265</u>

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2006**

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Public works (continued):			
Environmental service:			
Salaries	\$ 1,498,646	\$ 1,486,112	\$ -
Employee benefits	399,766	395,962	-
Operating expenses	3,298,930	3,080,838	-
Capital outlay	938,000	540,329	-
	<u>6,135,342</u>	<u>5,503,241</u>	<u>632,101</u>
Fleet maintenance:			
Salaries	748,393	741,621	-
Employee benefits	205,944	192,890	-
Operating expenses	1,742,276	1,673,912	-
Capital outlay	13,000	7,891	-
Service charges	(2,246,290)	(2,151,503)	-
	<u>463,323</u>	<u>464,811</u>	<u>(1,488)</u>
Total public works	<u>9,285,828</u>	<u>8,407,965</u>	<u>877,863</u>
Engineering:			
Administration:			
Salaries	620,274	553,345	-
Employee benefits	150,072	134,040	-
Operating expenses	80,457	67,627	-
Capital outlay	44,213	25,878	-
Utility service fee	(355,400)	(355,400)	-
	<u>539,616</u>	<u>425,490</u>	<u>114,126</u>
Traffic:			
Salaries	472,715	443,134	-
Employee benefits	107,595	104,009	-
Operating expenses	430,600	378,870	-
Capital outlay	94,700	94,692	-
Utility service fee	(433,600)	(433,600)	-
	<u>672,010</u>	<u>587,105</u>	<u>84,905</u>
Total engineering	<u>1,211,626</u>	<u>1,012,595</u>	<u>199,031</u>
Parks and recreation:			
Administration:			
Salaries	226,026	223,258	-
Employee benefits	58,312	56,064	-
Operating expenses	51,800	51,457	-
	<u>336,138</u>	<u>330,779</u>	<u>5,359</u>

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2006**

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Parks and recreation (continued):			
Athletics:			
Salaries	\$ 324,503	\$ 324,501	\$ -
Employee benefits	60,642	60,322	-
Operating expenses	87,480	82,879	-
	<u>472,625</u>	<u>467,702</u>	<u>4,923</u>
Cultural arts:			
Salaries	280,676	279,076	-
Employee benefits	77,664	63,359	-
Operating expenses	213,820	207,730	-
Capital outlay	4,700	4,063	-
	<u>576,860</u>	<u>554,228</u>	<u>22,632</u>
Amusements and special events:			
Salaries	46,090	45,261	-
Employee benefits	13,372	13,286	-
Operating expenses	73,686	70,656	-
	<u>133,148</u>	<u>129,203</u>	<u>3,945</u>
Museum:			
Salaries	222,339	221,787	-
Employee benefits	48,229	47,596	-
Operating expenses	161,470	158,652	-
Capital outlay	5,900	5,876	-
	<u>437,938</u>	<u>433,911</u>	<u>4,027</u>
Parks maintenance:			
Salaries	650,704	641,403	-
Employee benefits	179,620	177,146	-
Operating expenses	559,998	548,889	-
Capital outlay	171,042	170,966	-
	<u>1,561,364</u>	<u>1,538,404</u>	<u>22,960</u>
Cemetery operations:			
Salaries	232,583	228,720	-
Employee benefits	66,229	65,437	-
Operating expenses	55,810	52,462	-
Capital outlay	7,600	7,600	-
	<u>362,222</u>	<u>354,219</u>	<u>8,003</u>
Outdoor Programs:			
Salaries	178,200	165,784	-
Employee benefits	22,775	22,684	-
Operating expenses	53,140	42,000	-
Capital outlay	3,400	3,371	-
	<u>257,515</u>	<u>233,839</u>	<u>23,676</u>

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2006**

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Parks and recreation (continued):			
Neighborhood programs:			
Salaries	\$ 321,241	\$ 319,560	\$ -
Employee benefits	61,674	60,524	-
Operating expenses	131,700	127,904	-
Capital outlay	4,700	4,480	-
	<u>519,315</u>	<u>512,468</u>	<u>6,847</u>
Senior programs:			
Salaries	113,010	113,000	-
Employee benefits	26,104	25,801	-
Operating expenses	159,865	124,867	-
Capital outlay	18,000	17,602	-
	<u>316,979</u>	<u>281,270</u>	<u>35,709</u>
Sports complex:			
Salaries	43,506	43,506	-
Employee benefits	10,665	9,570	-
Operating expenses	20,375	12,616	-
	<u>74,546</u>	<u>65,692</u>	<u>8,854</u>
Imperial Centre:			
Salaries	35,581	35,505	-
Employee benefits	8,812	6,795	-
Operating expenses	256,260	252,326	-
Capital outlay	9,200	9,193	-
	<u>309,853</u>	<u>303,819</u>	<u>6,034</u>
Total parks and recreation	<u>5,358,503</u>	<u>5,205,534</u>	<u>152,969</u>
Debt service expenditures	<u>2,874,525</u>	<u>2,871,473</u>	<u>3,052</u>
Total expenditures	<u>45,453,968</u>	<u>41,334,086</u>	<u>4,119,882</u>
Revenues over (under) expenditures	<u>(5,362,419)</u>	<u>(1,853,709)</u>	<u>3,508,710</u>
Other financing sources (uses)			
Transfers from other fund	2,449,000	2,449,000	-
Transfers to other funds	(946,881)	(927,164)	19,717
Installment purchase financing issued	1,633,000	725,000	(908,000)
Total other financing sources (uses)	<u>3,135,119</u>	<u>2,246,836</u>	<u>(888,283)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(2,227,300)</u>	<u>393,127</u>	<u>2,620,427</u>
Fund balance appropriated	<u>2,227,300</u>	<u>-</u>	<u>(2,227,300)</u>
Revenues, other financing sources and fund balance appropriated over (under) expenditures and other financing uses	<u>\$ -</u>	<u>393,127</u>	<u>\$ 393,127</u>
Fund balance, beginning of year		<u>17,542,848</u>	
Fund balance, end of year		<u>\$ 17,935,975</u>	

# **MAJOR GOVERNMENTAL FUNDS**

## **Special Revenue Fund**

### **Entitlement Grants Fund**

The purpose of the Entitlement Grants Fund is to account for projects financed with Housing and Urban Development (HUD) Grants that are used for revitalization of low and moderate-income areas within the City.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - ENTITLEMENT GRANTS FUND**  
**From Project Inception and for the Year Ended June 30, 2006**

	Project Authorization	Prior Years	Actual Current Year	Total
Revenues:				
Intergovernmental	\$ 14,788,975	\$ 9,904,918	\$ 2,490,557	\$ 12,395,475
Project revenues	806,345	1,016,733	63,645	1,080,378
Investment earnings	-	(34,846)	45,067	10,221
Miscellaneous	50,000	60,677	23,400	84,077
Total revenues	15,645,320	10,947,482	2,622,669	13,570,151
Expenditures:				
Community revitalization program:				
Operating	15,327,445	10,352,424	2,686,027	13,038,451
Capital outlay	487,175	468,095	1,395	469,490
Total expenditures	15,814,620	10,820,519	2,687,422	13,507,941
Revenues over (under) expenditures	(169,300)	126,963	(64,753)	62,210
Other financing sources (uses)				
Transfers from other funds	169,300	68,822	60,000	128,822
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 195,785	(4,753)	\$ 191,032
Fund balance, beginning of year			195,785	
Fund balance, end of year			\$ 191,032	

# **MAJOR GOVERNMENTAL FUNDS**

## **Capital Project Fund**

### **General Capital Development Fund**

This fund is used to account for federal and state grant funds and other locally funded projects for various parks and recreation projects including the construction of the Cultural Arts Center, renovations to various parks, and the construction of the Rocky Mount Sports Complex.



**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL CAPITAL DEVELOPMENT PROJECTS**  
**From Project Inception and for the Year Ended June 30, 2006**

	Project Authorization	Prior Years	Actual Current Year	Total
Revenues:				
Intergovernmental	\$ 1,942,984	\$ 583,231	\$ 1,176,275	\$ 1,759,506
Investment earnings	-	45,288	16,898	62,186
Miscellaneous	557,060	535,344	7,000	542,344
Total revenues	2,499,984	1,163,863	1,200,173	2,364,036
Expenditures:				
Capital projects:				
Parks and recreation	15,811,984	9,815,831	5,337,982	15,153,813
Public service	232,872	231,752	221	231,973
Total expenditures	16,044,856	10,047,583	5,338,203	15,385,786
Revenues over (under) expenditures	(13,544,872)	(8,883,720)	(4,138,030)	(13,021,750)
Other financing sources (uses)				
Transfers from other funds	2,044,872	1,822,871	365,000	2,187,871
Installment purchase financing issued	11,500,000	11,500,000	-	11,500,000
Total other financing sources (uses)	13,544,872	13,322,871	365,000	13,687,871
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 4,439,151	(3,773,030)	\$ 666,121
Fund balance, beginning of year			4,439,151	
Fund balance, end of year			\$ 666,121	

Prior year actual numbers have been reduced by the following amounts for projects closed:

Revenues:	
Intergovernmental	\$ 2,643,907
Investment earnings	(6,090)
Miscellaneous	15,000
Total revenues	2,652,817
Expenditures:	
Parks and recreation	5,104,100
Public service	184,919
Total expenditures	5,289,019
Revenues over expenditures	(2,636,202)
Transfers (to) from other funds	2,636,202
	\$ -

## **NON MAJOR GOVERNMENTAL FUNDS**

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2006**

	Total Non Major Special Revenue Funds	Total Non Major Capital Project Funds	Total Non Major Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents/investments	\$ 4,079,299	\$ -	\$ 4,079,299
Restricted cash and investments	-	358,661	358,661
Receivables - net:			
Ad valorem taxes	27,783	5,804	33,587
Other governmental agencies	313,283	2,255,894	2,569,177
Other	276,254	-	276,254
Total assets	<u>\$ 4,696,619</u>	<u>\$ 2,620,359</u>	<u>\$ 7,316,978</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued expenditur	\$ 224,637	\$ 26,170	\$ 250,807
Deferred revenues	27,783	5,804	33,587
Due to other funds	259,943	1,031,643	1,291,586
Total liabilities	<u>512,363</u>	<u>1,063,617</u>	<u>1,575,980</u>
Fund balances:			
Reserved for:			
State statute	589,537	2,255,894	2,845,431
Powell Bill	1,755,051	-	1,755,051
Financing agreement	-	358,661	358,661
Unreserved:			
Designated for subsequent years's expenditures - Powell Bill	1,085,920	-	1,085,920
Undesignated	753,748	(1,416,474)	(662,726)
Total fund balances	<u>4,184,256</u>	<u>1,556,742</u>	<u>5,740,998</u>
Total liabilities and fund balances	<u>\$ 4,696,619</u>	<u>\$ 2,620,359</u>	<u>\$ 7,316,978</u>

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2006**

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Taxes	\$ -	\$ 67,996	\$ 67,996
Intergovernmental	3,748,836	1,130,011	4,878,847
Project	1,569,851	323,000	1,892,851
Investment earnings	171,355	8,881	180,236
Govt Revenue	-	1,750	1,750
Miscellaneous	134,657	-	134,657
Total revenues	<u>5,624,699</u>	<u>1,531,638</u>	<u>7,156,337</u>
<b>Expenditures</b>			
Current:			
General government	-	136,122	136,122
Public safety	106,531	65,665	172,196
Parks and recreation	-	4,916,916	4,916,916
Public service	4,989,178	2,542	4,991,720
Hazard mitigation	344,245	-	344,245
Community revitalization	3,068	-	3,068
Debt service:			
Debt service	-	716,632	716,632
Total expenditures	<u>5,443,022</u>	<u>5,837,877</u>	<u>11,280,899</u>
Revenues over (under) expenditures	<u>181,677</u>	<u>(4,306,239)</u>	<u>(4,124,562)</u>
Other financing sources (uses)			
Transfers in	345,664	715,000	1,060,664
Transfers out	(1,219,000)	(142,000)	(1,361,000)
Total other financing sources (uses)	<u>(873,336)</u>	<u>573,000</u>	<u>(300,336)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(691,659)</u>	<u>(3,733,239)</u>	<u>(4,424,898)</u>
Fund balance - beginning of year, as previously stated	4,875,915	1,997,987	6,873,902
Prior period adjustment	-	3,291,994	3,291,994
Fund balance - beginnning of year, as restated	<u>4,875,915</u>	<u>5,289,981</u>	<u>10,165,896</u>
Fund balance - end of year	<u>\$ 4,184,256</u>	<u>\$ 1,556,742</u>	<u>\$ 5,740,998</u>

# **NON MAJOR SPECIAL REVENUE FUNDS**

## **Public Transportation Grants Fund**

The purpose of the Public Transportation Grants Fund is to account for federal and state grants used to finance the Rocky Mount Transit (bus) system.

## **Emergency Management Fund**

This fund was established to account for federal and state grant funds used to recover from the effects of natural disasters. Expenditures in this fund will finance the buyout and demolition of homes in the flood plain; provide relocation assistance to affected property owners, and to account for Federal Emergency Management Act reimbursements for City-owned property that was destroyed by the flood.

## **Crime/Safety Control Fund**

This fund was established to account for federal and state grants used to finance law enforcement and fire projects including bullet proof vests, kid safety programs, law enforcement block grants, vehicle exhaust fire safety programs, law enforcement programs including salaries and fringe benefits for new patrol officers.

## **Powell Bill Grant Fund**

This fund was established to account for monies received from the state derived from a per gallon motor fuel tax. The local government allocation is based on local street mileage and population. Expenditures from this fund are restricted to specific highway and street construction and maintenance.

## **Economic Development Fund**

This fund was established to account for federal and state grants used to promote improvement in economically depressed areas, improve housing, public infrastructure, employment and business opportunities.

## **Emergency Telephone System Fund**

This fund was established to account for monies received from the local telephone company from a monthly charge to telephone subscribers. Expenditures from this fund are restricted to specific purchase and maintenance of emergency telephone equipment.

## **Occupancy Tax**

This fund was established to account for monies received from the local occupancy tax.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2006**

	Public Transportation Grants	Emergency Management	Crime/ Safety Control	Powell Bill Grant	Economic Development	Emergency Telephone System	Occupancy Tax	Total
<b>ASSETS</b>								
Cash and cash equivalents/investments	\$ -	\$ 3,890	\$ 65,591	\$ 2,891,143	\$ 130,025	\$ 988,650	\$ -	\$ 4,079,299
Receivables - net:								
Ad valorem taxes	-	-	-	27,783	-	-	-	27,783
Other governmental agencies	309,885	-	3,398	-	-	-	-	313,283
Other	27,192	-	-	127,559	7,578	45,310	68,615	276,254
Total assets	<u>\$ 337,077</u>	<u>\$ 3,890</u>	<u>\$ 68,989</u>	<u>\$ 3,046,485</u>	<u>\$ 137,603</u>	<u>\$ 1,033,960</u>	<u>\$ 68,615</u>	<u>\$ 4,696,619</u>
<b>Liabilities and fund balances</b>								
Liabilities:								
Accounts payable and accrued expenditures	\$ 174,294	\$ -	\$ -	\$ 50,172	\$ -	\$ 171	\$ -	\$ 224,637
Due to other funds	177,712	-	-	-	-	-	82,231	259,943
Deferred revenues	-	-	-	27,783	-	-	-	27,783
Total liabilities	<u>352,006</u>	<u>-</u>	<u>-</u>	<u>77,955</u>	<u>-</u>	<u>171</u>	<u>82,231</u>	<u>512,363</u>
Fund balances:								
Reserved for:								
State statute	337,077	-	3,398	127,559	7,578	45,310	68,615	589,537
Powell Bill	-	-	-	1,755,051	-	-	-	1,755,051
Designated for subsequent year's expenditures - Powell Bill	-	-	-	1,085,920	-	-	-	1,085,920
Unreserved:								
Undesignated	(352,006)	3,890	65,591	-	130,025	988,479	(82,231)	753,748
Total fund balances	<u>(14,929)</u>	<u>3,890</u>	<u>68,989</u>	<u>2,968,530</u>	<u>137,603</u>	<u>1,033,789</u>	<u>(13,616)</u>	<u>4,184,256</u>
Total liabilities and fund balances	<u>\$ 337,077</u>	<u>\$ 3,890</u>	<u>\$ 68,989</u>	<u>\$ 3,046,485</u>	<u>\$ 137,603</u>	<u>\$ 1,033,960</u>	<u>\$ 68,615</u>	<u>\$ 4,696,619</u>

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**Year Ended June 30, 2006**

	Public Transportation Grants	Emergency Management	Crime/ Safety Control	Powell Bill Grant	Economic Development	Emergency Telephone System	Occupancy Tax	Total
Revenues:								
Intergovernmental	\$ 1,407,157	\$ -	\$ 115,521	\$ 1,796,157	\$ -	\$ -	\$ 430,001	\$ 3,748,836
Project	1,194,025	-	-	-	-	375,826	-	1,569,851
Investment earnings	-	-	1,005	126,763	3,068	35,523	4,996	171,355
Miscellaneous	14,504	-	-	120,153	-	-	-	134,657
Total revenues	2,615,686	-	116,526	2,043,073	3,068	411,349	434,997	5,624,699
Expenditures:								
Current:								
Public safety	-	-	106,531	-	-	-	-	106,531
Public service	3,140,977	-	-	1,644,412	-	203,789	-	4,989,178
Hazard mitigation	-	344,245	-	-	-	-	-	344,245
Community revitalization	-	-	-	-	3,068	-	-	3,068
Total expenditures	3,140,977	344,245	106,531	1,644,412	3,068	203,789	-	5,443,022
Revenues over (under) expenditures	(525,291)	(344,245)	9,995	398,661	-	207,560	434,997	181,677
Other financing sources (uses)								
Transfers in	342,871	-	2,793	-	-	-	-	345,664
Transfers out	(119,000)	-	-	(400,000)	-	-	(700,000)	(1,219,000)
Total other financing sources (uses)	223,871	-	2,793	(400,000)	-	-	(700,000)	(873,336)
Revenues and other financing sources over (under) expenditures and other financing uses	(301,420)	(344,245)	12,788	(1,339)	-	207,560	(265,003)	(691,659)
Fund balances, beginning of year	286,491	348,135	56,201	2,969,869	137,603	826,229	251,387	4,875,915
Fund balances, end of year	\$ (14,929)	\$ 3,890	\$ 68,989	\$ 2,968,530	\$ 137,603	\$ 1,033,789	\$ (13,616)	\$ 4,184,256

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - PUBLIC TRANSPORTATION GRANTS FUND**  
**From Project Inception and for the Year Ended June 30, 2006**

	Project Authorization	Prior Years	Actual Current Year	Total
Revenues:				
Intergovernmental	\$ 4,614,515	\$ 2,472,713	\$ 1,407,157	\$ 3,879,870
Project revenues	1,285,901	-	1,194,025	1,194,025
Investment earnings	-	6	-	6
Miscellaneous	15,000	249	14,504	14,753
Total revenues	5,915,416	2,472,968	2,615,686	5,088,654
Expenditures:				
Public service:				
Operating	3,731,233	756,441	2,671,998	3,428,439
Capital outlay	2,986,680	2,065,095	468,979	2,534,074
Total expenditures	6,717,913	2,821,536	3,140,977	5,962,513
Revenues over (under) expenditures	(802,497)	(348,568)	(525,291)	(873,859)
Other financing sources (uses)				
Transfers from other funds	544,385	124,450	342,871	467,321
Transfers (to) other funds	(119,000)	-	(119,000)	(119,000)
Installment purchase financing issued	137,500	197,354	-	197,354
Total other financing sources (uses)	562,885	321,804	223,871	545,675
Revenues and other financing sources over (under) expenditures and other financing uses	(239,612)	(26,764)	(301,420)	(328,184)
Fund balance appropriated	239,612	-	-	-
Adjustment for closed projects	-	313,255	-	313,255
Revenues, other financing sources and fund balance appropriated over (under) expenditures and other financing uses	\$ -	\$ 286,491	(301,420)	\$ (14,929)
Fund balance, beginning of year			286,491	
Fund balance, end of year			\$ (14,929)	

Prior year actual numbers have been reduced by the following amounts for projects closed:

Revenues:	
Intergovernmental	\$ 1,096,379
Project revenues	1,201,712
Investment earnings	-
Miscellaneous	213,041
Total revenues	2,511,132
Expenditures:	
Public service - operating	2,387,889
Public service- capital outlay	304,742
Total expenditures	2,692,631
Revenues under expenditures	(181,499)
Transfers from other funds	238,895
Transfers (to) other funds	(51,099)
	\$ 6,297



**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - EMERGENCY MANAGEMENT FUND**  
**From Project Inception and for the Year Ended June 30, 2006**

	Project Authorization	Prior Years	Actual Current Year	Total
Revenues:				
Intergovernmental	\$ 81,354,763	\$ 58,350,559	\$ -	\$ 58,350,559
Total revenues	81,354,763	58,350,559	-	58,350,559
Expenditures:				
Emergency management				
Operating	19,000	18,597	-	18,597
Hazard mitigation	81,335,763	57,983,827	344,245	58,328,072
Contributions	-	-	-	-
Total expenditures	81,354,763	58,002,424	344,245	58,346,669
Revenues over (under) expenditures	-	348,135	(344,245)	3,890
Other financing sources (uses)				
Transfers (to) other funds	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 348,135	(344,245)	\$ 3,890
Fund balance, beginning of year			348,135	
Fund balance, end of year			\$ 3,890	

Prior year actual numbers have been reduced by the following amounts for projects closed:

Revenues:	
Intergovernmental	\$ 10,518,724
Miscellaneous	3,800,662
Total revenues	14,319,386
Expenditures:	
Operating	11,830,008
Contributions	2,245,205
Total expenditures	14,075,213
Revenues under expenditures	(244,173)
Transfers (to) from other funds	244,173
	\$ -

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - CRIME/SAFETY CONTROL FUND**  
**From Project Inception and for the Year Ended June 30, 2006**

	Project Authorization	Prior Years	Actual Current Year	Total
Revenues:				
Intergovernmental	\$ 235,716	\$ 95,811	\$ 115,521	\$ 211,332
Investment earnings	2,000	40,247	1,005	41,252
Total revenues	237,716	136,058	116,526	252,584
Expenditures:				
Public safety:				
Operating	111,830	7,324	58,265	65,589
Capital outlay	183,785	122,417	48,266	170,683
Total expenditures	295,615	129,741	106,531	236,272
Revenues over (under) expenditures	(57,899)	6,317	9,995	16,312
Other financing sources (uses)				
Transfers from other funds	57,899	49,884	2,793	52,677
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 56,201	12,788	\$ 68,989
Fund balance, beginning of year			56,201	
Fund balance, end of year			\$ 68,989	

Prior year actual numers have been reduced by the following amounts for projects closed:

Revenues:	
Intergovernmental	\$ 754,704
Expenditures:	
Public safety - operating	217,605
Public safety - capital outlay	681,747
Total expenditures	899,352
Revenues under expenditures	(144,648)
Transfers (to) from other funds	144,648
	\$ -

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - POWELL BILL GRANT FUND**  
**Year Ended June 30, 2006**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 2,120,000	\$ 1,796,157	\$ (323,843)
Investment earnings	75,000	126,763	51,763
Miscellaneous	105,000	120,153	15,153
Total revenues	<u>2,300,000</u>	<u>2,043,073</u>	<u>(256,927)</u>
Expenditures:			
Public service:			
Capital outlay	<u>3,905,036</u>	<u>1,644,412</u>	<u>2,260,624</u>
Revenues over (under) expenditures	(1,605,036)	398,661	2,003,697
Other financing sources (uses)			
Transfers (to) other funds	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(2,005,036)	(1,339)	2,003,697
Fund balance appropriated	<u>2,005,036</u>	<u>-</u>	<u>(2,005,036)</u>
Revenues, other financing sources and fund balance appropriated over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(1,339)</u>	<u>\$ (1,339)</u>
Fund balance, beginning of year		<u>2,969,869</u>	
Fund balance, end of year		<u>\$ 2,968,530</u>	

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - ECONOMIC DEVELOPMENT FUND**  
**From Project Inception and for the Year Ended June 30, 2006**

	Project Authorization	Prior Years	Actual Current Year	Total
Revenues:				
Intergovernmental	\$ 921,000	\$ 921,000	\$ -	\$ 921,000
Investment earnings	-	7,578	3,068	10,646
Other	930,997	920,168	-	920,168
Total revenues	1,851,997	1,848,746	3,068	1,851,814
Expenditures:				
Community revitalization:				
Operating	822,635	666,178	3,068	669,246
Capital outlay	1,647,875	1,458,652	-	1,458,652
Total expenditures	2,470,510	2,124,830	3,068	2,127,898
Revenues over (under) expenditures	(618,513)	(276,084)	-	(276,084)
Other financing sources (uses)				
Transfers from other funds	618,513	413,687	-	413,687
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 137,603	-	\$ 137,603

Fund balance, beginning of year 137,603

Fund balance, end of year \$ 137,603

Prior year actual numbers have been reduced by the following amounts for projects closed:

Revenues:	
Intergovernmental	\$ 2,946,751
Program revenues	-
Investment earnings	21,825
Miscellaneous	338,335
Total revenues	3,306,911
Expenditures:	
Public service - operating	3,305,874
Public service- capital outlay	1,037
Total expenditures	3,306,911
Revenues under expenditures	\$ -

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - EMERGENCY TELEPHONE SYSTEM FUND**  
**Year Ended June 30, 2006**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Project	\$ 354,000	\$ 375,826	\$ 21,826
Investment earnings	15,000	35,523	20,523
Total revenues	369,000	411,349	42,349
Expenditures:			
Public service:			
Operating	262,000	186,883	75,117
Capital outlay	78,000	16,906	61,094
Total expenditures	340,000	203,789	136,211
Revenues over (under) expenditures	29,000	207,560	(178,560)
Other financing sources (uses)			
Transfers to other funds	(29,000)	-	\$ (29,000)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	207,560	\$ (207,560)
Fund balance, beginning of year		826,229	
Fund balance, end of year		\$ 1,033,789	

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - OCCUPANCY TAX FUND**  
**From Project Inception and for the Year Ended June 30, 2006**

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	Project Authorization	Prior Years	Actual Current Year	Total
Revenues:				
Intergovernmental	\$ 1,965,000	\$ 1,521,923	\$ 430,001	\$ 1,951,924
Investment earnings	35,000	29,464	4,996	34,460
Total revenues	<u>2,000,000</u>	<u>1,551,387</u>	<u>434,997</u>	<u>1,986,384</u>
Other financing sources (uses)				
Transfers (to) other funds	<u>(2,000,000)</u>	<u>(1,300,000)</u>	<u>(700,000)</u>	<u>(2,000,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 251,387</u>	<u>(265,003)</u>	<u>\$ (13,616)</u>
Fund balance, beginning of year			<u>251,387</u>	
Fund balance, end of year			<u>\$ (13,616)</u>	

## **NON MAJOR CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

### **General Capital Projects Fund**

This fund is used to account for construction of various City projects to improve City parks and operational facilities.

### **Imperial Theatre Capital Projects Fund**

This fund is used to account for the transfers to the City's component unit.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS**  
**June 30, 2006**

	<b>General Capital Projects</b>	<b>Imperial Theatre Capital Projects</b>	<b>Total Nonmajor Capital Project Funds</b>
<b>ASSETS</b>			
Restricted cash and investments	\$ 358,661	\$ -	\$ 358,661
Receivables - net:			
Ad valorem taxes	5,804	-	5,804
Other governmental agencies	1,417,498	838,396	2,255,894
Total assets	<u>\$ 1,781,963</u>	<u>\$ 838,396</u>	<u>\$ 2,620,359</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	26,170	-	26,170
Deferred revenues	5,804	-	5,804
Due to other funds	231,643	800,000	1,031,643
Total liabilities	<u>263,617</u>	<u>800,000</u>	<u>1,063,617</u>
Fund balances:			
Reserved for:			
State statute	1,417,498	838,396	2,255,894
Financing agreement	358,661	-	358,661
Unreserved:			
Undesignated	(257,813)	(800,000)	(1,057,813)
Total fund balances	<u>1,518,346</u>	<u>38,396</u>	<u>1,556,742</u>
Total liabilities and fund balances	<u>\$ 1,781,963</u>	<u>\$ 838,396</u>	<u>\$ 2,620,359</u>



**CITY OF ROCKY MOUNT, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Capital Project Funds  
Year Ended June 30, 2006**

	General Capital Projects	Imperial Theatre Capital Project	Total Nonmajor Capital Project Funds
<b>Revenues</b>			
Taxes	\$ 67,996	\$ -	\$ 67,996
Intergovernmental	560,000	570,011	1,130,011
Project	323,000	-	323,000
Investment earnings	8,881	-	8,881
Contributions	1,750	-	1,750
Total revenues	<u>961,627</u>	<u>570,011</u>	<u>1,531,638</u>
<b>Expenditures</b>			
Current:			
General government	136,122	-	136,122
Public safety	65,665	-	65,665
Parks and recreation	393,307	4,523,609	4,916,916
Public service	2,542	-	2,542
Debt service:			
Debt service	716,632	-	716,632
Total expenditures	<u>1,314,268</u>	<u>4,523,609</u>	<u>5,837,877</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(352,641)</u>	<u>(3,953,598)</u>	<u>(4,306,239)</u>
<b>Other financing sources (uses)</b>			
Transfers in	15,000	700,000	715,000
Transfers out	(142,000)	-	(142,000)
Total other financing sources (uses)	<u>(127,000)</u>	<u>700,000</u>	<u>573,000</u>
<b>Net change in fund balances</b>	<b>(479,641)</b>	<b>(3,253,598)</b>	<b>(3,733,239)</b>
<b>Fund balance - beginning, as previously stated</b>	<b>1,997,987</b>	<b>-</b>	<b>1,997,987</b>
<b>Prior period adjustment (Note 24)</b>	<b>-</b>	<b>3,291,994</b>	<b>3,291,994</b>
<b>Fund balance - beginning, as restated</b>	<b>1,997,987</b>	<b>3,291,994</b>	<b>5,289,981</b>
<b>Fund balance - ending</b>	<b>\$ 1,518,346</b>	<b>\$ 38,396</b>	<b>\$ 1,556,742</b>

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL CAPITAL PROJECTS**  
**Year Ended June 30, 2006**

	Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
Ad valorem taxes	\$ 70,000	\$ 67,996	\$ (2,004)
Intergovernmental	566,900	560,000	(6,900)
Project	378,000	323,000	(55,000)
Investment earnings	10,000	8,881	(1,119)
Contributions	437,050	1,750	(435,300)
Total revenues	1,461,950	961,627	(500,323)
Expenditures:			
Capital projects:			
General government	330,000	136,122	193,878
Public safety	400,000	65,665	334,335
Parks and recreation	524,310	393,307	131,003
Public service	54,500	2,542	51,958
Debt service	716,640	716,632	8
Total expenditures	2,025,450	1,314,268	711,182
Revenues over (under) expenditures	(563,500)	(352,641)	210,859
Other financing sources (uses):			
Transfers (to) other funds	(142,000)	(142,000)	-
Transfers from other funds	50,000	15,000	(35,000)
Installment purchase financing issued	400,000	-	(400,000)
Total other financing sources (uses)	308,000	(127,000)	(435,000)
Revenues and other financing sources over (under) expenditures and other financing uses	(255,500)	(479,641)	(224,141)
Fund balance appropriated	255,500	-	(255,500)
Revenues, other financing sources and fund balance appropriated over (under) expenditures and other financing uses	\$ -	(479,641)	\$ (479,641)
Fund balance, beginning of year		1,997,987	
Fund balance, end of year		\$ 1,518,346	

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - IMPERIAL THEATRE CAPITAL PROJECT**  
**From Project Inception and for the Year Ended June 30, 2006**

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	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Intergovernmental	\$ 3,436,300	\$ 2,866,289	\$ 570,011	\$ 3,436,300
Expenditures:				
Capital projects:				
Parks and recreation	7,811,505	3,249,500	4,523,609	7,773,109
Revenues over (under) expenditures	(4,375,205)	(383,211)	(3,953,598)	(4,336,809)
Other financing sources (uses):				
Transfers (to) other funds	4,375,205	3,675,205	700,000	4,375,205
Revenues and other financing sources over (under) expenditures and other financing uses	-	3,291,994	(3,253,598)	38,396
Revenues, other financing sources and fund balance appropriated over (under) expenditures and other financing uses	\$ -	\$ 3,291,994	(3,253,598)	\$ 38,396
Fund balance, beginning of year, as previously stated			-	
Prior period adjustment			3,291,994	
Fund balance, beginning of year, as restated			3,291,994	
Fund balance, end of year			\$ 38,396	

## **ENTERPRISE FUNDS**

Enterprise Funds are used to account for utility operations that are financed and operated in a manner similar to private enterprises where the intent is that the cost of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

### **Electric Fund**

This fund accounts for the operation of the City's electric power distribution system.

### **Gas Fund**

This fund accounts for the operation of the City's natural gas distribution system.

### **Water Fund**

This fund accounts for the operation of the City's water treatment and distribution system.

### **Sewer Fund**

This fund accounts for the operation of the City's sewer treatment system.

### **Storm Water Management Fund**

This fund accounts for the operation of the City's storm water management system.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) -**  
**ELECTRIC OPERATING FUND**  
**Year Ended June 30, 2006**

	Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
User charges	\$ 78,204,842	\$ 77,276,496	\$ (928,346)
Other operating revenue	1,015,000	962,685	(52,315)
Other non-operating revenue	250,000	250,000	-
Investment earnings	230,000	319,932	89,932
Total revenues	<u>79,699,842</u>	<u>78,809,113</u>	<u>(890,729)</u>
<b>Expenditures and budgetary appropriations:</b>			
Distribution systems:			
Salaries	2,088,588	2,036,202	52,386
Employee benefits	597,430	551,835	45,595
Electric power purchase	65,105,000	62,244,977	2,860,023
Operating expense	5,229,516	4,989,393	240,123
Utility support services:			
Salaries	150,963	150,801	162
Employee benefits	36,203	36,199	4
Operating expense	385,300	361,912	23,388
Energy services:			
Salaries	479,348	468,571	10,777
Employee benefits	112,654	112,562	92
Operating expense	817,772	642,483	175,289
Budgetary appropriations:			
Capital outlay	5,808,198	3,235,202	2,572,996
Debt services expenditures	815,600	810,605	4,995
Appropriation to school system	656,470	656,470	-
Total expenditures and budgetary appropriations:	<u>82,283,042</u>	<u>76,297,212</u>	<u>5,985,830</u>
Revenues over (under) expenditures and budgetary appropriations	<u>(2,583,200)</u>	<u>2,511,901</u>	<u>5,095,101</u>
Other financing sources (uses):			
Transfers (to) other funds	(1,016,500)	(1,016,500)	-
Installment purchase financing issued	2,360,000	1,491,000	(869,000)
Total other financing sources (uses)	<u>1,343,500</u>	<u>474,500</u>	<u>(869,000)</u>
Revenues and other financing sources over (under) expenditures and budgetary appropriations and other financing uses	<u>(1,239,700)</u>	<u>2,986,401</u>	<u>4,226,101</u>
Fund balance appropriated	<u>1,239,700</u>	<u>-</u>	<u>(1,239,700)</u>
Revenues, other financing sources and fund balance appropriated over (under) expenditures and budgetary appropriations and other financing uses	<u>\$ -</u>	<u>\$ 2,986,401</u>	<u>\$ 2,986,401</u>
<b>Reconciliation of modified accrual basis with full accrual basis:</b>			
Revenues, other financing sources and fund balance appropriated over (under) expenditures and budgetary appropriations and other financing uses		\$ 2,986,401	
Depreciation		(1,481,159)	
Debt principal		747,326	
Capitalized capital outlay		2,219,119	
Gain (loss) on retirement/transfer of assets		(5,562)	
Lease proceeds		(1,491,000)	
Change in net assets		<u>\$ 2,975,125</u>	

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) -**  
**GAS OPERATING FUND**  
**Year Ended June 30, 2006**

	Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
User charges	\$ 32,857,840	\$ 31,684,589	\$ (1,173,251)
Other operating revenue	2,600	200	(2,400)
Investment earnings	90,000	234,496	144,496
Total revenues	<u>32,950,440</u>	<u>31,919,285</u>	<u>(1,031,155)</u>
<b>Expenditures and budgetary appropriations:</b>			
Distribution systems:			
Salaries	904,808	862,883	41,925
Employee benefits	271,772	271,043	729
Natural gas purchases	26,660,000	26,372,355	287,645
Operating expense	3,163,421	2,925,830	237,591
Budgetary appropriations:			
Capital outlay	1,397,481	1,390,678	6,803
Appropriation to school system	175,058	175,058	-
Total expenditures and budgetary appropriations:	<u>32,572,540</u>	<u>31,997,847</u>	<u>574,693</u>
<b>Revenues over (under) expenditures and budgetary appropriations</b>	<u>377,900</u>	<u>(78,562)</u>	<u>(456,462)</u>
<b>Other financing sources (uses):</b>			
Transfers (to) other funds	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
<b>Revenues and other financing sources over (under) expenditures and budgetary appropriations and other financing uses</b>	<u>(622,100)</u>	<u>(1,078,562)</u>	<u>(456,462)</u>
<b>Fund balance appropriated</b>	<u>622,100</u>	<u>-</u>	<u>(622,100)</u>
<b>Revenues, other financing sources and fund balance appropriated over (under) expenditures and budgetary appropriations and other financing uses</b>	<u>\$ -</u>	<u>\$ (1,078,562)</u>	<u>\$ (1,078,562)</u>
<b>Reconciliation of modified accrual basis with full accrual basis:</b>			
Revenues, other financing sources and fund balance appropriated over (under) expenditures and budgetary appropriations and other financing uses		\$ (1,078,562)	
Depreciation		(180,016)	
Capitalized capital outlay		1,093,974	
Reserve for rate stabilization		100,000	
Change in net assets		<u>(64,604)</u>	

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) -**  
**WATER OPERATING FUND**  
**Year Ended June 30, 2006**

	Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
User charges	\$ 9,365,000	\$ 9,329,808	\$ (35,192)
Licenses and permits	60,000	79,094	19,094
Other operating revenue	80,000	105,390	25,390
Investment earnings	113,000	168,322	55,322
Total revenues	<u>9,618,000</u>	<u>9,682,614</u>	<u>64,614</u>
<b>Expenditures and budgetary appropriations:</b>			
Water treatment plants:			
Salaries	1,430,425	1,399,265	31,160
Employee benefits	398,869	395,148	3,721
Operating expense	2,837,386	2,599,670	237,716
Water services			
Salaries	504,562	497,166	7,396
Employee benefits	316,968	316,891	77
Operating expense	1,231,629	1,224,573	7,056
Budgetary appropriations:			
Capital outlay	5,008,700	2,217,432	2,791,268
Debt services expenditures	1,905,532	1,708,817	196,715
Appropriation to school system	43,765	43,765	-
Total expenditures and budgetary appropriations:	<u>13,677,836</u>	<u>10,402,727</u>	<u>3,275,109</u>
Revenues over (under) expenditures and budgetary appropriations	<u>(4,059,836)</u>	<u>(720,113)</u>	<u>3,339,723</u>
Other financing sources (uses):			
Transfers (to) other funds	(330,000)	(330,000)	-
Installment purchase financing issued	692,000	-	(692,000)
	<u>362,000</u>	<u>(330,000)</u>	<u>(692,000)</u>
Revenues and other financing sources over (under) expenditures and budgetary appropriations and other financing uses	<u>(3,697,836)</u>	<u>(1,050,113)</u>	<u>2,647,723</u>
Fund balance appropriated	<u>3,697,836</u>	<u>-</u>	<u>(3,697,836)</u>
Revenues, other financing sources and fund balance appropriated over (under) expenditures and budgetary appropriations and other financing uses	<u>\$ -</u>	<u>\$ (1,050,113)</u>	<u>\$ (1,050,113)</u>
<b>Reconciliation of modified accrual basis with full accrual basis:</b>			
Revenues, other financing sources and fund balance appropriated over (under) expenditures and budgetary appropriations and other financing uses		\$ (1,050,113)	
Depreciation		(1,204,196)	
Debt principal		1,353,281	
Capitalized capital outlay		1,670,169	
Reserved for rate stabilization		84,345	
Gain (loss) on retirement/transfer of assets		(662)	
Change in net assets		<u>\$ 852,824</u>	

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) -**  
**SEWER OPERATING FUND**  
**Year Ended June 30, 2006**

	Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
User charges	\$ 10,155,000	\$ 10,135,472	\$ (19,528)
Licenses and permits	20,000	(7,919)	(27,919)
Other operating revenue	198,000	183,996	(14,004)
Investment earnings	55,000	84,469	29,469
Total revenues	<u>10,428,000</u>	<u>10,396,018</u>	<u>(31,982)</u>
Expenditures and budgetary appropriations:			
Water treatment plants:			
Salaries	1,038,776	1,029,897	8,879
Employee benefits	310,000	304,896	5,104
Operating expense	3,963,207	3,864,280	98,927
Water services			
Salaries	563,521	558,790	4,731
Employee benefits	146,053	141,903	4,150
Operating expense	1,438,049	1,416,373	21,676
Budgetary appropriations:			
Capital outlay	7,704,805	2,976,777	4,728,028
Debt services expenditures	1,897,915	1,897,611	304
Appropriation to school system	-	-	-
Total expenditures and budgetary appropriations:	<u>17,062,326</u>	<u>12,190,527</u>	<u>4,871,799</u>
Revenues over (under) expenditures and budgetary appropriations	<u>(6,634,326)</u>	<u>(1,794,509)</u>	<u>4,839,817</u>
Other financing sources (uses):			
Installment purchase financing issued	<u>4,700,000</u>	<u>631,211</u>	<u>(4,068,789)</u>
Revenues and other financing sources over (under) expenditures and budgetary appropriations and other financing uses	<u>(1,934,326)</u>	<u>(1,163,298)</u>	<u>771,028</u>
Fund balance appropriated	<u>1,934,326</u>	<u>-</u>	<u>(1,934,326)</u>
Revenues, other financing sources and fund balance appropriated over (under) expenditures and budgetary appropriations and other financing uses	<u>\$ -</u>	<u>\$ (1,163,298)</u>	<u>\$ (1,163,298)</u>
Reconciliation of modified accrual basis with full accrual basis:			
Revenues, other financing sources and fund balance appropriated over (under) expenditures and budgetary appropriations and other financing uses		\$ (1,163,298)	
Depreciation		(1,379,053)	
Debt principal		1,485,029	
Capitalized capital outlay		2,276,389	
Gain (loss) on retirement/transfer of assets		(18,539)	
Lease proceeds		(631,211)	
Change in net assets		<u>\$ 569,317</u>	



**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) -**  
**STORMWATER MANAGEMENT FUND**  
**Year Ended June 30, 2006**

	Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
User charges	\$ 2,501,000	\$ 2,673,764	\$ 172,764
Investment earnings	6,000	77,107	71,107
Total revenues	<u>2,507,000</u>	<u>2,750,871</u>	<u>243,871</u>
Expenditures and budgetary appropriations:			
Storm water management:			
Salaries	80,792	76,871	3,921
Employee benefits	19,817	19,472	345
Operating expense	379,620	374,637	4,983
Storm water operations:			
Salaries	910,780	893,318	17,462
Employee benefits	265,691	237,679	28,012
Operating expense	225,900	261,047	(35,147)
Budgetary appropriations:			
Capital outlay	1,398,460	513,451	885,009
Debt services expenditures	562,840	562,624	216
Total expenditures and budgetary appropriations:	<u>3,843,900</u>	<u>2,939,099</u>	<u>904,801</u>
Revenues over (under) expenditures and budgetary appropriations	<u>(1,336,900)</u>	<u>(188,228)</u>	<u>1,148,672</u>
Other financing sources (uses):			
Transfers from other funds	700,000	700,000	-
Installment purchase financing issued	230,000	210,000	(20,000)
	<u>930,000</u>	<u>910,000</u>	<u>(20,000)</u>
Revenues and other financing sources over (under) expenditures and budgetary appropriations and other financing uses	<u>(406,900)</u>	<u>721,772</u>	<u>1,128,672</u>
Fund balance appropriated	<u>406,900</u>	<u>-</u>	<u>(406,900)</u>
Revenues, other financing sources and fund balance appropriated over (under) expenditures and budgetary appropriations and other financing uses	<u>\$ -</u>	<u>\$ 721,772</u>	<u>\$ 721,772</u>
Reconciliation of modified accrual basis with full accrual basis:			
Revenues, other financing sources and fund balance appropriated over (under) expenditures and budgetary appropriations and other financing uses		\$ 721,772	
Depreciation		(157,017)	
Debt principal		189,634	
Capitalized capital outlay		305,890	
Lease proceeds		(210,000)	
Change in net assets		<u>\$ 850,279</u>	

## **INTERNAL SERVICE FUND**

The Internal Service fund is used to account for intragovernmental services or any shared type service. One internal service fund is established to manage the City's self insurance revenues and expenditures for the organization.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**

**SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN AND ACTUAL (NON-GAAP) -  
RISK MANAGEMENT**

**Year Ended June 30, 2006**

	Financial Plan	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
Insurance premiums	\$ 5,440,000	\$ 4,754,881	\$ (685,119)
Expenditures			
Insurance claims	5,440,000	4,535,352	(904,648)
Administrative fees	-	679,171	679,171
Total expenditures	5,440,000	5,214,523	(225,477)
Revenues over (under) expenditures	-	(459,642)	(459,642)
Fund balance, beginning of year	-	515,621	515,621
Fund balance, end of year	\$ -	\$ 55,979	\$ 55,979

## **AGENCY FUNDS**

Agency Funds are used to account for transactions related to assets held by the City as an agency for individuals and/or other governmental units.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**AGENCY FUNDS**  
**Year Ended June 30, 2006**

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
<b>COMMUNITY DEVELOPMENT AND GOVERNMENTAL ACTIVITIES FUND</b>				
Assets:				
Cash and cash equivalents	\$ 373,301	\$ 215,488	\$ 214,457	\$ 374,332
Other receivable	-	2,560	2,522	38
Total assets	<u>\$ 373,301</u>	<u>\$ 218,048</u>	<u>\$ 216,979</u>	<u>\$ 374,370</u>
Liabilities:				
Accounts payable	\$ 292	\$ 4,131	\$ 292	\$ 4,131
Due to other government agency	373,009	213,917	216,687	370,239
Total liabilities	<u>\$ 373,301</u>	<u>\$ 218,048</u>	<u>\$ 216,979</u>	<u>\$ 374,370</u>
<b>BUSINESS DEVELOPMENT FUND</b>				
<u>Theatre LLC</u>				
Cash	\$ 395	\$ 5,366,371	\$ 5,366,767	\$ -
Accounts receivable	679,988	480,519	679,988	480,519
Total Assets	<u>\$ 680,383</u>	<u>\$ 5,846,890</u>	<u>\$ 6,046,755</u>	<u>\$ 480,519</u>
Accounts payable	\$ 679,988	\$ -	\$ 679,989	\$ -
Due to other agencies	395	5,846,890	5,366,766	480,519
Total Liabilities	<u>\$ 680,383</u>	<u>\$ 5,846,890</u>	<u>\$ 6,046,755</u>	<u>\$ 480,519</u>
<b>COMBINING TOTALS</b>				
Assets:				
Cash and cash equivalents	\$ 373,696	\$ 5,581,859	\$ 5,581,224	\$ 374,332
Account receivable	679,988	483,079	682,510	480,557
Total assets	<u>\$ 1,053,684</u>	<u>\$ 6,064,938</u>	<u>\$ 6,263,734</u>	<u>\$ 854,889</u>
Liabilities:				
Accounts payable	\$ 680,280	\$ 4,131	\$ 680,281	\$ 4,131
Due to other government agency	373,404	6,060,807	5,583,453	850,758
Total liabilities	<u>\$ 1,053,684</u>	<u>\$ 6,064,938</u>	<u>\$ 6,263,734</u>	<u>\$ 854,889</u>

**CAPITAL ASSETS USED IN THE OPERATION OF  
GOVERNMENTAL FUNDS**

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**COMPARATIVE SCHEDULE BY SOURCE**  
**June 30, 2006 and 2005**

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	<u>2006</u>	<u>2005</u>
Governmental Fund Capital Assets:		
Land and land improvements	\$ 14,551,010	\$ 13,063,776
Buildings	48,057,977	43,710,222
Equipment	33,855,764	32,668,065
Infrastructure	39,750,462	37,838,128
Construction in progress	<u>9,136,554</u>	<u>13,271,980</u>
Total Governmental Funds Capital Assets	<u>\$ 145,351,767</u>	<u>\$ 140,552,171</u>
Investment in Governmental Funds Capital Assets by Source:		
General Fund	130,149,834	\$ 125,229,828
Special revenue funds	3,555,284	3,803,630
Joint Venture - Rocky Mount/Wilson Airport	<u>11,646,649</u>	<u>11,518,713</u>
Total Governmental Funds Capital Assets	<u>\$ 145,351,767</u>	<u>\$ 140,552,171</u>

Note: Amounts presented above exclude accumulated depreciation

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**June 30, 2006**

	Land and Land Improvements	Buildings	Equipment	Infrastructure	Construction in Progress	Totals
General government:						
Mayor and Council	\$ 2,626,557	\$ 281,112	\$ 12,486	\$ -	\$ -	\$ 2,920,155
City Clerk	1,242,731	142,691	64,037	-	-	1,449,459
City Manager	-	17,238	77,704	-	-	94,942
Finance	3,207	104,521	5,438,007	-	25,350	5,571,085
Central services	1,241,007	22,450,436	745,643	754,987	-	25,192,073
Human resources	-	5,229	23,062	-	-	28,291
Total general government	<u>5,113,502</u>	<u>23,001,227</u>	<u>6,360,939</u>	<u>754,987</u>	<u>25,350</u>	<u>35,256,005</u>
Transit	<u>14,352</u>	<u>-</u>	<u>3,540,931</u>	<u>-</u>	<u>-</u>	<u>3,555,283</u>
Public Safety						
Police	7,239	275,183	4,684,086	-	-	4,966,508
Fire	63,312	4,465,466	5,496,187	-	25,875	10,050,840
Total public safety	<u>70,551</u>	<u>4,740,649</u>	<u>10,180,273</u>	<u>-</u>	<u>25,875</u>	<u>15,017,348</u>
Public works	<u>891,069</u>	<u>2,946,993</u>	<u>9,831,685</u>	<u>37,897,210</u>	<u>178,156</u>	<u>51,745,113</u>
Engineering	<u>-</u>	<u>86,441</u>	<u>1,148,456</u>	<u>-</u>	<u>-</u>	<u>1,234,897</u>
Parks and recreation	<u>7,548,296</u>	<u>7,035,318</u>	<u>2,307,420</u>	<u>1,098,265</u>	<u>8,907,173</u>	<u>26,896,472</u>
Airport	<u>913,240</u>	<u>10,247,349</u>	<u>486,060</u>	<u>-</u>	<u>-</u>	<u>11,646,649</u>
Total general capital assets	<u>\$ 14,551,010</u>	<u>\$ 48,057,977</u>	<u>\$ 33,855,764</u>	<u>\$ 39,750,462</u>	<u>\$ 9,136,554</u>	<u>\$ 145,351,767</u>

Note: Amounts presented above exclude accumulated depreciation.



**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
**Year Ended June 30, 2006**

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
General government:				
Mayor and Council	\$ 2,920,155	\$ -	\$ -	\$ 2,920,155
City Clerk	1,432,233	28,441	11,215	1,449,459
City Manager	94,942	-	-	94,942
Finance	5,394,967	262,103	85,985	5,571,085
Central services	29,541,419	6,743	4,356,089	25,192,073
Human resources	28,290	-	-	28,291
Total general government	<u>39,412,006</u>	<u>297,287</u>	<u>4,453,289</u>	<u>35,256,005</u>
Transit	<u>3,803,631</u>	<u>496,093</u>	<u>744,440</u>	<u>3,555,283</u>
Public Safety				
Police	4,904,689	339,235	277,416	4,966,508
Fire	10,010,500	63,751	23,411	10,050,840
Total public safety	<u>14,915,189</u>	<u>402,986</u>	<u>300,827</u>	<u>15,017,348</u>
Public works	<u>50,282,587</u>	<u>2,414,431</u>	<u>951,905</u>	<u>51,745,113</u>
Engineering	<u>1,172,094</u>	<u>120,962</u>	<u>58,159</u>	<u>1,234,897</u>
Parks and recreation	<u>19,447,951</u>	<u>7,540,071</u>	<u>91,550</u>	<u>26,896,472</u>
Airport	<u>11,518,713</u>	<u>314,157</u>	<u>186,221</u>	<u>11,646,649</u>
Total general fixed assets	<u>\$ 140,552,171</u>	<u>\$ 11,585,987</u>	<u>\$ 6,786,391</u>	<u>\$ 145,351,767</u>

Note: Amounts presented above exclude accumulated depreciation.

## **OTHER SUPPLEMENTAL SCHEDULES**

The information in this section includes supplemental information about the City of Rocky Mount

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF CASH AND CASH EQUIVALENTS/INVESTMENTS**  
**June 30, 2006**

Cash		
Cash on hand	\$	5,950
Deposits		
Cash in bank		<u>22,799,525</u>
Total cash		22,805,475
Investments		
North Carolina Capital Management Trust		<u>14,487,076</u>
Total cash and investments	\$	<u><u>37,292,551</u></u>
Distribution by Funds		
General Fund	\$	13,010,288
Special Revenue Funds		4,216,276
Capital Project Funds		1,631,828
Enterprise Funds		18,059,827
Internal Service Fund		-
Agency Fund		<u>374,332</u>
	\$	<u><u>37,292,551</u></u>

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND**  
**June 30, 2006**

	Uncollected Balance 06/30/2005	Additions and Refunds	Collections and Credits	Uncollected Balance 06/30/2006
2005-2006	\$ -	\$ 15,338,000	\$ 14,663,914	\$ 674,086
2004-2005	661,930	351,521	591,018	422,434
2003-2004	396,365	(1,311)	140,548	254,505
2002-2003	273,363	(10,160)	37,337	225,866
2001-2002	174,067	7,608	20,636	161,040
2000-2001	160,745	8,899	18,344	151,300
1999-2000	127,171	24,432	12,325	139,278
1998-1999	94,826	10,101	7,804	97,124
1997-1998	84,639	7,315	7,764	84,190
1996-1997	61,985	4,469	3,592	62,863
1995-1996	43,111	2,695	14,237	31,569
1994-1995	8,691	-	224	8,467
	<u>\$ 2,086,894</u>	<u>\$ 15,743,568</u>	<u>\$ 15,517,741</u>	<u>\$ 2,312,721</u>

Allowance for uncollectible ad valorem taxes receivable (920,045)

Ad valorem taxes receivable, net \$ 1,392,676

Reconciliation With Revenue:

Taxes	\$ 15,471,066
Penalties and Interest	(141,230)
	<u>\$ 15,329,836</u>

Ad Valorem Taxes(excluding penalties and interest)

Current Year	\$ 14,668,528
Prior Years	661,308
	<u>15,329,836</u>

Releases and Transfers from Interest	91,522
Other	<u>96,383</u>

Total collections and credits	<u>\$ 15,517,741</u>
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**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
**Year Ended June 30, 2006**

			Total Levy		
			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles	
	Valuation	Tax Rate Per \$100 Valuation	Tax Levy		
Original levy:					
Property taxed at current year's rate:					
Real Property	\$ 2,270,146,796	\$ 0.50	\$ 11,350,786	\$ 11,350,786	\$ -
Personal Property	689,163,085	\$ 0.50	3,445,824	2,039,257	1,406,567
Public Service Property	78,283,176	\$ 0.50	391,416	391,416	-
	<u>3,037,593,057</u>		<u>15,188,026</u>	<u>13,781,459</u>	<u>1,406,567</u>
Discoveries	12,134,467	\$ 0.50	60,673	60,673	
Discoveries	6,025,434	\$ 0.48	28,922	28,922	
Discoveries	487,605	\$ 0.46	2,243	2,243	-
Discoveries	1,768,271	\$ 0.44	7,780	7,780	
Refunds	10,071,144	\$ 0.50	50,356	50,356	-
Total property valuation	<u>\$ 3,068,079,978</u>				
Net levy			15,338,000	13,931,433	1,406,567
Uncollected taxes at June 30, 2006			<u>674,086</u>	<u>411,982</u>	<u>262,103</u>
Current year's taxes collected			<u>\$14,663,914</u>	<u>\$13,519,451</u>	<u>\$1,144,464</u>
Percent of current year taxes collected			<u>95.61%</u>	<u>97.04%</u>	<u>81.37%</u>

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SCHEDULE OF INTERFUND TRANSFERS**  
**Year Ended June 30, 2006**

Transfers to Fund	Transfers from Fund									
	Special Revenue Funds					Capital Project Funds	Enterprise Funds			
	General Fund	Powell Bill Fund	Public Transportation Grants	Emergency Management Fund	Occupancy Tax Fund	General Capital Projects	Electric	Gas	Water	Total
General Fund	\$ -	\$ -	\$ 119,000	\$ -	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000	\$ 330,000	\$ 2,449,000
Special Revenue Funds										
Entitlement Grants	60,000	-	-	-	-	-	-	-	-	60,000
Public Transportation	326,371	-	-	-	-	-	16,500	-	-	342,871
Crime/Safety Control	2,793	-	-	-	-	-	-	-	-	2,793
Capital Projects Funds:										
General Capital Development Projects	238,000		-	-	700,000	142,000		-	-	1,080,000
Enterprise Funds:										
Stormwater	300,000	400,000	-	-	-	-		-	-	700,000
Total	\$ 927,164	\$ 400,000	\$ 119,000	\$ -	\$ 700,000	\$ 142,000	\$ 1,016,500	\$ 1,000,000	\$ 330,000	\$ 4,634,664

## **STATISTICAL SECTION**

**(Unaudited)**

Schedules presented in the Statistical Section differ from financial statements because they usually cover more than one fiscal year and may present non-accounting data. The Statistical Section reflects social and economic data, financial trends and the fiscal capacity of the City.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**NET ASSETS BY COMPONENT**  
**Last Five Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 64,765,579	\$ 75,228,740	\$ 66,546,488	\$ 76,857,173	\$ 81,060,633
Restricted	8,553,951	7,250,811	22,691,297	11,508,838	6,598,151
Unrestricted	26,949,295	20,290,635	15,538,639	16,957,667	18,404,926
Total governmental activities net assets	<u>\$ 100,268,825</u>	<u>\$ 102,770,186</u>	<u>\$ 104,776,424</u>	<u>\$ 105,323,678</u>	<u>\$ 106,063,710</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 94,318,972	\$ 103,171,226	\$ 101,634,397	\$ 97,762,992	101,764,488
Restricted	1,970,295	-	-	-	-
Unrestricted	10,043,856	8,945,229	12,576,271	20,060,100	20,982,144
Total business-type activities	<u>\$ 106,333,123</u>	<u>\$ 112,116,455</u>	<u>\$ 114,210,668</u>	<u>\$ 117,823,092</u>	<u>\$ 122,746,632</u>
Primary government					
Invested in capital assets, net of related debt	\$ 159,084,551	\$ 178,399,966	\$ 168,180,885	\$ 174,620,165	\$ 182,825,121
Restricted	10,524,246	7,250,811	22,691,297	11,508,838	6,598,151
Unrestricted	36,993,151	29,235,864	28,114,910	37,017,767	39,387,070
Total primary government net assets	<u>\$ 206,601,948</u>	<u>\$ 214,886,641</u>	<u>\$ 218,987,092</u>	<u>\$ 223,146,770</u>	<u>\$ 228,810,342</u>
Imperial Theatre					
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ 724,066
Restricted	-	-	-	6,541,494	205,342
Unrestricted	-	-	-	-	(156,261)
Total Imperial Theatre net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,541,494</u>	<u>\$ 773,147</u>

Source: Audited Annual financial reports for the City of Rocky Mount

Note: Data is presented beginning with the fiscal year GASB Statement Number 34 was implemented.



**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**CHANGE IN NET ASSETS**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>Fiscal Year</u> <u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Expenses</b>										
Governmental activities:										
General government	5,946,963	7,252,296	\$ 8,759,246	\$ 11,565,140	\$ 16,192,131	\$ 10,456,214	\$ 7,965,851	\$ 7,447,378	\$ 6,042,747	\$ 5,134,845
Public safety	12,669,171	13,823,221	14,063,200	14,019,034	15,218,255	16,547,845	17,290,858	19,046,410	19,056,350	20,571,641
Public Works	8,130,970	7,641,947	7,920,241	8,794,122	9,488,276	7,239,307	7,770,378	7,839,918	7,154,328	8,603,044
Engineering	628,131	699,820	667,788	674,791	826,250	670,185	939,353	1,052,631	1,141,096	939,634
Parks and recreation	3,101,418	3,042,278	3,246,127	3,277,501	3,892,579	4,438,203	3,598,902	5,312,167	11,170,909	9,217,034
Public Service	5,061,916	4,243,347	8,153,194	5,688,012	6,434,759	4,935,785	6,668,176	4,722,023	4,861,481	3,354,839
Emergency management	-	-	-	7,549,533	1,949,401	1,284,794	1,087,972	-	2,263,801	-
Hazard mitigation	-	-	-	-	27,594,527	23,977,937	5,848,692	462,728	93,386	344,245
Community revitalization	1,028,824	1,372,791	1,036,315	2,346,699	2,354,729	2,827,927	1,106,614	2,964,035	2,702,468	2,690,132
Interest on Long-term debt	20,887	47,108	41,376	79,520	120,820	359,316	615,190	428,682	314,257	1,106,418
Total governmental activities expenses	36,588,280	38,122,808	43,887,487	53,994,352	84,071,727	72,737,513	52,891,986	49,275,972	54,800,823	51,961,832
Business-type activities:										
Electric	59,907,160	60,722,342	60,756,265	63,267,703	63,120,312	63,108,978	67,981,845	69,881,791	68,657,738	74,817,488
Gas	14,886,063	13,912,905	12,280,932	15,325,429	24,014,136	15,799,765	17,768,879	21,394,773	24,556,908	30,983,889
Water	6,196,452	6,038,456	6,326,733	7,472,626	8,410,813	9,745,637	7,925,757	8,555,812	8,289,814	8,499,790
Sewer	8,600,927	7,824,470	7,824,585	8,230,173	8,926,129	9,464,318	9,291,806	9,470,920	9,813,137	9,826,701
Storm Water Management	-	-	-	-	-	47,207	397,253	2,394,578	2,483,293	2,600,592
Total business-type activities expenses	89,590,602	88,498,173	87,188,515	94,295,931	104,471,390	98,165,905	103,365,540	111,697,874	113,800,890	126,728,460
Total primary government expenses	\$ 126,178,882	\$ 126,620,981	\$ 131,076,002	\$ 148,290,283	\$ 188,543,117	\$ 170,903,418	\$ 156,257,526	\$ 160,973,846	\$ 168,601,713	\$ 178,690,292
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	612,228	674,197	704,931	854,990	984,596	2,230,808	5,468,927	6,180,013	6,038,496	1,183,833
Public Safety	-	-	-	-	-	456,322	754,530	800,098	813,507	375,831
Public Works	1,983,001	2,903,896	3,540,640	3,791,380	4,256,544	4,654,684	5,339,853	5,077,156	4,377,217	5,521,528
Recreation	384,170	362,647	395,590	251,534	316,986	636,783	481,227	575,445	551,449	667,022
Public Service	-	-	-	-	-	217,787	120,443	175,941	183,969	5,967
Other activities	259,706	335,475	541,787	360,353	731,319	162,533	3,938	5,240	116,612	-
Operating grants and contributions	9,294,660	9,230,143	11,218,985	14,121,259	37,188,488	40,692,842	18,354,723	9,251,060	11,716,912	6,979,532
Capital grants and contributions	-	-	-	-	-	-	-	-	-	3,435,584
Total governmental activities program revenues	12,533,765	13,506,358	16,401,933	19,379,516	43,477,933	49,051,759	30,523,641	22,064,953	23,798,162	18,169,297
Business-type activities:										
Charges for services:										
Electric	63,537,709	64,610,622	65,457,767	61,493,313	62,597,012	63,314,751	68,933,540	70,818,385	70,680,615	78,174,288
Gas	18,106,270	16,618,362	14,519,911	16,684,499	24,530,267	16,212,913	19,470,776	23,173,028	27,176,264	31,684,789
Water	7,347,159	7,143,858	8,100,793	7,838,343	8,040,120	8,753,499	8,582,464	8,837,653	9,060,972	9,497,931
Sewer	7,820,063	8,114,487	8,939,095	8,867,975	9,492,301	10,250,919	9,091,467	8,723,827	9,230,978	10,232,023
Storm Water Management	-	-	-	-	-	-	2,020	2,366,558	2,464,505	2,673,764
Operating grants and contributions	-	-	-	-	-	14,881	499,791	296,007	-	50,000
Capital grants and contributions	-	-	-	1,200	183,525	373,726	166,740	47,975	56,385	101,379
Total business-type activities program revenues	96,811,201	96,487,329	97,017,566	94,885,330	104,843,225	98,920,689	106,746,798	114,263,433	118,669,719	132,414,174
Total primary government program revenues	\$ 109,344,966	\$ 109,993,687	\$ 113,419,499	\$ 114,264,846	\$ 148,321,158	\$ 147,972,448	\$ 137,270,439	\$ 136,328,386	\$ 142,467,881	\$ 150,583,471

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**CHANGE IN NET ASSETS**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	1997	1998	1999	2000	Fiscal Year 2001	2002	2003	2004	2005	2006
Net (expense)/revenue										
Governmental activities	(24,054,515)	(24,616,450)	(27,485,554)	(34,614,836)	(40,593,794)	(23,685,754)	(22,368,345)	(27,211,019)	\$ (31,002,661)	\$ (33,792,535)
Business-type activities	7,220,599	7,989,156	9,829,051	589,399	371,835	754,784	3,381,258	2,565,559	4,868,829	5,685,714
Total primary government net expense	<u>\$ (16,833,916)</u>	<u>\$ (16,627,294)</u>	<u>\$ (17,656,503)</u>	<u>\$ (34,025,437)</u>	<u>\$ (40,221,959)</u>	<u>\$ (22,930,970)</u>	<u>\$ (18,987,087)</u>	<u>\$ (24,645,460)</u>	<u>\$ (26,133,832)</u>	<u>\$ (28,106,821)</u>
Component unit:										
Imperial Theatre:										
Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (99,747)
Investment earnings	-	-	-	-	-	-	-	-	-	20,755
Operating grants and contributions	-	-	-	-	-	-	-	-	3,675,205	-
Capital grants and contributions	-	-	-	-	-	-	-	-	2,866,289	852,039
Total Imperial Theatre	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,541,494</u>	<u>\$ 773,047</u>
<b>General Revenues and Other Changes in</b>										
<b>Net Assets</b>										
Governmental activities:										
Taxes:										
Ad valorem taxes	11,086,035	11,452,850	11,859,639	\$ 11,866,363	\$ 11,956,676	\$ 13,927,812	\$ 14,557,102	\$ 15,125,425	\$ 15,473,269	15,539,062
Local option taxes	4,450,940	4,484,070	4,960,800	7,548,410	5,541,623	7,108,787	8,312,645	9,218,640	9,940,317	10,444,807
Alcoholic beverage taxes	41,929	33,494	32,055	36,074	57,430	48,015	41,181	35,424	43,801	42,158
Other taxes	5,444,798	5,091,706	5,199,990	5,262,093	5,204,563	2,369,740	2,380,508	2,394,114	2,523,858	5,000,150
Investment earnings	629,228	1,222,700	1,024,282	1,413,434	1,235,917	438,519	315,810	281,293	571,906	953,803
Miscellaneous	1,718,783	2,421,481	3,488,778	13,598,737	4,434,935	1,838,285	1,507,250	1,584,818	1,550,358	(406,432)
Transfers	3,382,000	3,505,000	3,952,600	4,092,898	4,136,585	3,437,735	(2,244,790)	577,543	1,446,406	1,646,500
Total governmental activities	<u>26,753,713</u>	<u>28,211,301</u>	<u>30,518,144</u>	<u>43,818,009</u>	<u>32,567,729</u>	<u>29,168,893</u>	<u>24,869,706</u>	<u>29,217,257</u>	<u>31,549,915</u>	<u>33,220,048</u>
Business-type activities										
Investment earnings	348,681	633,800	698,654	231,755	714,322	269,709	157,284	106,197	190,001	884,326
Transfers	(3,382,000)	(3,505,000)	(3,952,600)	(4,092,898)	(4,136,585)	(3,437,735)	2,244,790	(577,543)	(1,446,406)	(1,646,500)
Total business-type activities	<u>(3,033,319)</u>	<u>(2,871,200)</u>	<u>(3,253,946)</u>	<u>(3,861,143)</u>	<u>(3,422,263)</u>	<u>(3,168,026)</u>	<u>2,402,074</u>	<u>(471,346)</u>	<u>(1,256,405)</u>	<u>(762,174)</u>
Total primary government	<u>\$ 23,720,394</u>	<u>\$ 25,340,101</u>	<u>\$ 27,264,198</u>	<u>\$ 39,956,866</u>	<u>\$ 29,145,466</u>	<u>\$ 26,000,867</u>	<u>\$ 27,271,780</u>	<u>\$ 28,745,911</u>	<u>\$ 30,293,510</u>	<u>\$ 32,457,874</u>
<b>Change in Net Assets</b>										
Governmental activities	2,699,198	3,594,851	3,032,590	9,203,173	(8,026,065)	5,483,139	2,501,361	2,006,238	\$ 547,254	\$ (572,487)
Business-type activities	4,187,280	5,117,956	6,575,105	(3,271,744)	(3,050,428)	(2,413,242)	5,783,332	2,094,213	3,612,424	4,923,540
Total primary government	<u>\$ 6,886,478</u>	<u>\$ 8,712,807</u>	<u>\$ 9,607,695</u>	<u>\$ 5,931,429</u>	<u>\$ (11,076,493)</u>	<u>\$ 3,069,897</u>	<u>\$ 8,284,693</u>	<u>\$ 4,100,451</u>	<u>\$ 4,159,678</u>	<u>\$ 4,351,053</u>
Total Imperial Theatre	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,541,494</u>	<u>\$ 773,047</u>

Source: Audited annual financial reports of the City of Rocky Mount

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>General Fund</b>										
Reserved	\$ 2,454,720	\$ 3,577,489	\$ 4,187,859	\$ 9,134,951	\$ 11,029,686	\$ 8,235,220	\$ 6,456,306	\$ 7,381,918	\$ 8,267,350	\$ 7,181,018
Unreserved	8,238,193	9,661,691	11,743,655	9,751,041	6,590,128	8,100,535	11,208,057	9,810,279	9,275,498	10,754,957
Total General Fund	<u>\$ 10,692,913</u>	<u>\$ 13,239,180</u>	<u>\$ 15,931,514</u>	<u>\$ 18,885,992</u>	<u>\$ 17,619,814</u>	<u>\$ 16,335,755</u>	<u>\$ 17,664,363</u>	<u>\$ 17,192,197</u>	<u>\$ 17,542,848</u>	<u>\$ 17,935,975</u>
<b>All other governmental funds</b>										
Reserved	\$ 1,748,756	\$ 3,022,170	\$ 5,659,743	\$ 7,005,204	\$ 11,293,362	\$ 12,922,826	\$ 11,526,310	\$ 18,743,796	\$ 11,644,858	\$ 6,765,398
Unreserved, reported in:										
Special revenue funds	111,103	898,889	265,418	(1,244,559)	(6,645,737)	(1,708,564)	(823,773)	3,711,268	1,406,578	862,741
Capital projects funds	2,610,895	1,598,279	170,052	6,583,263.0	936,396	1,163,555	1,121,206	236,233	(1,542,598)	(1,029,988)
Total all other governmental funds	<u>\$ 4,470,754</u>	<u>\$ 5,519,338</u>	<u>\$ 6,095,213</u>	<u>\$ 12,343,908</u>	<u>\$ 5,584,021</u>	<u>\$ 12,377,817</u>	<u>\$ 11,823,743</u>	<u>\$ 22,691,297</u>	<u>\$ 11,508,838</u>	<u>\$ 6,598,151</u>
<b>Total governmental funds</b>	<u>\$ 15,163,667</u>	<u>\$ 18,758,518</u>	<u>\$ 22,026,727</u>	<u>\$ 31,229,900</u>	<u>\$ 23,203,835</u>	<u>\$ 28,713,572</u>	<u>\$ 29,488,106</u>	<u>\$ 39,883,494</u>	<u>\$ 29,051,686</u>	<u>\$ 24,534,126</u>

Source: Audited Annual financial reports for the City of Rocky Mount

Note: 2006 Reserved Fund Balance decreased due funding used that was reserved for the Sports Complex construction. Reserved funding in the Occupancy Tax fund was used for the acquisition of the Senior Center.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Revenues</b>										
Ad valorem taxes	\$ 11,086,035	\$ 11,452,850	\$ 11,859,639	\$ 11,866,363	\$ 11,956,676	\$ 13,325,153	\$ 14,520,896	\$ 15,166,045	\$ 15,480,246	\$ 15,539,062
Intergovernmental revenues	18,220,670	18,244,377	20,703,378	26,664,597	47,358,348	45,515,241	29,970,198	22,271,559	25,003,998	22,438,252
Licenses and permits	612,228	674,197	704,931	854,990	984,596	1,018,506	1,014,465	959,509	1,062,447	1,154,278
Sales and services	2,626,877	3,602,018	4,478,017	4,403,267	5,304,849	5,585,671	6,412,018	6,287,858	5,776,514	7,087,149
Investment earnings	629,228	1,222,700	1,024,282	1,413,434	1,235,917	543,329	386,621	325,595	571,907	953,803
Contributions	-	-	-	-	-	-	-	-	-	1,750
Project revenue	1,011,657	595,036	708,452	303,239	633,756	798,228	639,197	755,317	953,509	1,956,496
Miscellaneous	1,190,983	1,416,481	1,970,178	5,308,462	3,689,830	7,292,006	1,728,283	1,515,686	1,616,700	1,328,766
<b>Total revenues</b>	<b>35,377,678</b>	<b>37,207,659</b>	<b>41,448,877</b>	<b>50,814,352</b>	<b>71,163,972</b>	<b>74,078,134</b>	<b>54,671,678</b>	<b>47,281,569</b>	<b>50,465,321</b>	<b>50,459,556</b>
<b>Expenditures</b>										
Current:										
General government	3,559,045	3,977,706	4,739,575	5,262,808	5,148,988	4,726,847	4,668,845	4,035,859	5,158,843	4,699,327
Public safety	12,624,075	13,123,676	13,550,718	14,017,746	15,218,255	15,717,144	16,565,970	18,364,648	18,942,217	19,243,723
Public service	4,688,085	3,151,582	4,492,172	3,383,917	5,042,046	5,881,541	8,383,109	4,404,003	6,556,720	4,989,178
Public works	8,130,970	7,641,947	7,920,241	8,794,122	9,488,276	8,715,214	8,660,280	8,683,760	8,163,894	8,407,965
Engineering	628,131	699,820	667,788	674,791	826,250	767,112	903,440	990,811	1,091,174	1,012,595
Parks and recreation	3,101,418	3,042,278	3,246,127	3,277,501	3,892,579	4,000,232	3,853,802	4,459,702	5,320,805	5,205,534
Community revitalization	1,028,824	1,372,791	1,036,315	2,346,699	2,354,729	2,583,532	1,432,762	3,008,056	2,702,468	2,690,490
Emergency management	-	-	-	7,549,533	1,949,401	1,284,794	1,087,972	-	2,263,801	-
Hazard Mitigation	-	-	-	-	27,594,527	23,979,181	5,847,233	469,501	93,386	344,245
Capital projects:										
General government	1,921,488	2,646,051	3,206,107	4,766,012	8,845,997	1,103,937	60,052	31,604	34,323	136,122
Public safety	45,096	699,545	512,482	1,288	-	560,155	951,801	944,470	413,219	65,665
Parks and recreation	-	-	-	-	-	1,720,458	2,405,976	2,461,473	10,643,850	10,254,898
Public service	373,831	1,091,765	3,661,022	2,304,095	1,392,713	101,110	92,048	217,888	47,341	2,763
Debt service:										
Principal	466,430	628,539	813,564	1,536,320	2,197,146	2,179,559	1,443,233	1,938,575	2,629,979	2,481,687
Interest	20,887	47,108	41,376	79,520	120,820	359,316	615,190	428,682	314,257	1,106,418
<b>Total expenditures</b>	<b>36,588,280</b>	<b>38,122,808</b>	<b>43,887,487</b>	<b>53,994,352</b>	<b>84,071,727</b>	<b>73,680,132</b>	<b>56,971,713</b>	<b>50,439,032</b>	<b>64,376,277</b>	<b>60,640,610</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(1,210,602)</b>	<b>(915,149)</b>	<b>(2,438,610)</b>	<b>(3,180,000)</b>	<b>(12,907,755)</b>	<b>398,002</b>	<b>(2,300,035)</b>	<b>(3,157,463)</b>	<b>(13,910,956)</b>	<b>(10,181,054)</b>

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Other financing sources (uses)										
Transfers in	\$ 4,736,500	\$ 4,220,609	\$ 4,676,484	\$ 5,159,217	\$ 5,259,540	\$ 4,048,781	\$ 4,215,042	\$ 3,648,625	\$ 3,906,689	\$ 3,934,664
Transfers out	(1,354,500)	(715,609)	(723,884)	(1,066,319)	(1,122,955)	(611,046)	(1,898,473)	(2,669,775)	(2,460,283)	(2,288,164)
Capital contributions	-	-	-	-	-	-	-	-	100,388	-
Proceeds from installment purchase agreement	527,800	1,005,000	1,518,600	8,290,275	745,105	1,674,000	758,000	12,574,001	1,532,354	725,000
<b>Total other financing sources (uses)</b>	<b>3,909,800</b>	<b>4,510,000</b>	<b>5,471,200</b>	<b>12,383,173</b>	<b>4,881,690</b>	<b>5,111,735</b>	<b>3,074,569</b>	<b>13,552,851</b>	<b>3,079,148</b>	<b>2,371,500</b>
<b>Net change in fund balance</b>	<b>\$ 2,699,198</b>	<b>\$ 3,594,851</b>	<b>\$ 3,032,590</b>	<b>\$ 9,203,173</b>	<b>\$ (8,026,065)</b>	<b>\$ 5,509,737</b>	<b>\$ 774,534</b>	<b>\$ 10,395,388</b>	<b>\$ (10,831,808)</b>	<b>\$ (7,809,554)</b>
Debt service as a percentage of of noncapital expenditures	1.42%	2.01%	2.34%	3.44%	3.14%	3.62%	3.85%	5.06%	5.53%	7.15%

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION**  
**Last Ten Fiscal Years**

Fiscal Year	General Government	Public Safety	Public Service	Public Works and Engineering	Parks & Recreation	Emergency Management Hazard Mitigation	Community Revitalization	Capital Projects	Debt Service	Total Expenditures
1997	\$ 3,559,045	\$ 12,624,075	\$ 4,688,085	\$ 8,759,101	\$ 3,101,418	\$ -	\$ 1,028,824	\$ 2,340,415	\$ 487,317	\$ 36,588,280
1998	3,977,706	13,123,676	3,151,582	8,341,767	3,042,278	-	1,372,791	4,437,361	675,647	38,122,808
1999	4,739,575	13,550,718	4,492,172	8,588,029	3,246,127	-	1,036,315	7,379,611	854,940	43,887,487
2000	5,262,808	14,017,746	3,383,917	9,468,913	3,277,501	7,549,533	2,346,699	7,071,395	1,615,840	53,994,352
2001	5,148,988	15,218,255	5,042,046	10,314,526	3,892,579	29,543,928	2,354,729	10,238,710	2,317,966	84,071,727
2002	5,830,784	16,277,299	5,982,651	9,482,326	5,720,690	25,263,975	2,583,532	-	2,538,875	73,680,132
2003	4,728,897	17,517,771	8,475,157	9,563,720	6,259,778	6,935,205	1,432,762	-	2,058,423	56,971,713
2004	4,067,463	19,309,118	4,621,891	9,674,571	6,921,175	469,501	3,008,056	-	2,367,257	50,439,032
2005	5,193,166	19,355,436	6,604,061	9,255,068	15,964,655	2,357,187	2,702,468	-	2,944,236	64,376,277
2006	4,835,449	19,309,388	4,991,941	9,420,560	15,460,432	344,245	2,690,490	-	3,588,105	60,640,610

Source: Audited annual financial reports of the City of Rocky Mount  
Includes General, Special Revenue, and Capital Projects funds

\*Beginning with 2001-2002, the City allocated its capital project expenditures to functional areas in accordance with GASB34.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE**  
**Last Ten Fiscal Years**

Fiscal Year	Ad Valorem Taxes	Tele-communication Tax	Inter-Governmental Revenue	Licenses & Permits	Sales and Services	Project Revenue	Investment Earnings	Other Revenue	Total Revenues
1997	\$ 11,086,035	\$ -	\$ 18,220,670	\$ 612,228	\$ 2,626,877	\$ 1,011,657	\$ 629,228	\$ 1,190,983	\$ 35,377,678
1998	11,452,850	-	18,244,377	674,197	3,602,018	595,036	1,222,700	1,416,481	37,207,659
1999	11,859,639	-	20,703,378	704,931	4,478,017	708,452	1,024,282	1,970,178	41,448,877
2000	11,866,363	-	26,664,597	854,990	4,403,267	303,239	1,413,434	5,308,462	50,814,352
2001	11,956,676	-	47,358,348	984,596	5,304,849	633,756	1,235,917	3,689,830	71,163,972
2002	13,325,153	109,789	45,515,241	1,018,506	5,585,671	798,228	543,329	7,292,006	74,187,923
2003	14,520,896	674,218	29,970,198	1,014,465	6,412,018	639,197	386,621	1,728,282	55,345,895
2004	15,166,045	643,218	21,628,341	959,509	6,287,858	755,317	325,595	1,515,686	47,281,569
2005	15,480,246	690,000	24,313,998	1,062,447	5,776,514	953,509	571,907	1,616,700	50,465,321
2006	15,539,062	649,543	21,788,709	1,154,278	7,087,149	1,956,496	953,803	1,330,516	50,459,556

Source: Audited annual financial reports of the City of Rocky Mount  
Includes General, Special Revenue, and Capital Projects funds

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

Fiscal Year	Ad Valorem Taxes	Local Option Sales Tax	Franchise Tax	Tele-Communications Tax	Inventory Tax	Beer & Wine Tax	Intangibles Tax Reimbursement	Licenses Permits & Other Taxes	Total Tax Revenues
1997	\$ 11,086,035	\$ 5,693,440	\$ 2,762,075	\$ -	\$ 773,380	\$ 237,564	\$ 511,924	\$ 612,228	\$ 21,676,646
1998	11,452,850	6,204,070	2,412,375	-	772,546	238,114	507,818	674,197	22,261,970
1999	11,859,639	6,681,800	2,477,799	-	763,034	243,457	475,680	704,931	23,206,340
2000	11,866,363	9,048,410	2,414,525	-	762,327	248,341	479,025	854,990	25,673,981
2001	11,956,676	7,141,623	2,337,740	-	756,330	252,692	460,426	984,596	23,890,083
2002	13,256,377	5,557,074	1,451,108	109,789	373,211	-	452,359	1,018,506	22,218,424
2003	14,453,446	6,988,835	2,092,717	674,218	-	237,060	-	1,014,465	25,460,741
2004	15,096,358	7,780,851	2,114,785	643,218	-	241,192	-	959,509	26,835,913
2005	15,410,242	8,484,481	2,156,778	690,000	-	248,474	-	1,062,447	28,052,422
2006	15,471,066	8,645,938	2,286,691	649,543	-	248,713	-	1,154,278	28,456,229

Source: Audited annual financial reports of the City of Rocky Mount

Note: Ad valorem taxes includes penalties & interest



**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**

Fiscal Year	Real Property								Total Taxable	Total	Estimated	Assessed
	Residential Property		Commercial Property		Personal Property		Public Service (1)		Assessed	Direct	Actual	Value as a
	Nash	Edgecombe	Nash	Edgecombe	Nash	Edgecombe	Nash	Edgecombe	Value	Tax	Taxable	Percentage of
										Rate (2)	Value (3)	Actual Value
1997	\$ 757,504,191	\$ 243,773,913	\$ 571,450,530	\$ 33,241,897	\$ 478,628,749	\$ 168,226,845	\$ 29,566,520	\$ 72,162,944	\$ 2,354,555,589	\$ 0.46	\$ 2,523,067,877	93.32%
1998	783,001,363	243,429,078	590,685,238	33,194,874	544,522,439	134,139,306	22,393,627	61,957,738	2,413,323,663	0.46	2,704,554,937	89.23%
1999 (4)	806,473,373	244,843,526	608,392,193	33,387,754	606,732,047	123,821,273	23,222,062	62,527,120	2,509,399,348	0.46	2,920,102,869	85.94%
2000	825,232,307	246,161,722	622,543,670	33,567,508	622,925,524	115,418,834	23,450,300	63,517,961	2,552,817,826	0.46	3,026,780,395	84.34%
2001	830,885,152	244,581,854	626,808,097	33,352,071	608,737,263	98,294,787	22,458,537	57,669,017	2,522,786,778	0.46	3,250,309,935	77.62%
2002 (5)	1,017,812,950	288,993,512	767,823,805	39,408,206	669,986,247	110,702,591	30,787,083	73,654,860	2,999,169,254	0.44	3,083,727,540	97.26%
2003	1,037,986,053	256,099,724	783,042,111	85,366,575	608,893,225	114,220,469	26,762,807	56,019,837	2,968,390,800	0.48	3,177,764,775	93.41%
2004	1,054,977,251	253,503,275	795,860,032	84,501,092	562,746,225	104,125,246	32,695,064	47,181,660	2,935,589,845	0.50	3,176,490,414	92.42%
2005	1,077,695,549	262,120,334	812,998,397	78,295,684	593,586,482	153,478,593	36,435,170	49,004,400	3,063,614,609	0.50	3,308,760,590	92.59%
2006	1,099,957,208	263,614,376	829,792,280	78,741,957	631,198,099	86,492,902	36,173,019	42,110,137	3,068,079,978	0.50	3,436,851,062	89.27%

Source: Audited annual financial reports of the City of Rocky Mount

Notes:

- (1) Public service companies valuations are provided to the City by the North Carolina Department of Revenue.
- (2) Per \$100 of value.
- (3) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year.
- (4) Includes annexed property.
- (5) Revaluation year for Property values.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**PROPERTY TAX RATES**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**Last Ten Fiscal Years**  
**(rate per \$100 of assessed value)**

Fiscal Year	City of Rocky Mount			Overlapping Rates Edgecombe County			Total Direct and Overlapping Rates (Edgecombe County)
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	School Millage (2)	Total County Millage	
1997	\$ 0.46	\$ -	\$ 0.46	\$ 0.88	\$ 0.03	\$ 0.91	\$ 1.37
1998	0.46	-	0.46	0.91	-	0.91	1.37
1999	0.46	-	0.46	0.91	-	0.91	1.37
2000	0.46	-	0.46	0.91	-	0.91	1.37
2001	0.46	-	0.46	0.87	-	0.87	1.33
2002	0.44	-	0.44	0.87	-	0.87	1.31
2003	0.48	-	0.48	0.91	-	0.91	1.39
2004	0.50	-	0.50	0.91	-	0.91	1.41
2005	0.50	-	0.50	0.93	-	0.93	1.43
2006	0.50	-	0.50	0.93	-	0.93	1.43

Fiscal Year	City of Rocky Mount			Overlapping Rates Nash County		Total Direct and Overlapping Rates (Nash County)
	Operating Millage	Debt Service Millage	Total City Millage	Total County Millage	Municipal Service District Tax (1)	
1997	\$ 0.46	\$ -	\$ 0.46	\$ 0.61	\$ 0.20	\$ 1.27
1998	0.46	-	0.46	0.66	0.20	1.32
1999	0.46	-	0.46	0.66	0.20	1.32
2000	0.46	-	0.46	0.69	0.20	1.35
2001	0.46	-	0.46	0.66	0.20	1.32
2002	0.44	-	0.44	0.66	0.20	1.30
2003	0.48	-	0.48	0.66	0.20	1.34
2004	0.50	-	0.50	0.66	0.20	1.36
2005	0.50	-	0.50	0.66	0.20	1.36
2006	0.50	-	0.50	0.66	0.20	1.36

Sources: City of Rocky Mount Finance Department

Notes: (1) Municipal Service District represents part of the Downtown Business District

(2) Edgecombe County Special School District established after City School District merged with Nash County School District

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**Current Year and Nine Years Ago**

Taxpayer	Type of Business	2006			1997		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Hospira Inc <sup>a</sup>	Pharmaceuticals	\$ 114,360,106	1	3.73 %	\$ 60,661,418	2	2.58 %
Cogentrix of Rocky Mount Inc	Electrical Energy Producer	54,181,299	2	1.77	72,769,404	1	3.09
Carolina Telephone Company	Communications	45,511,983	3	1.48	44,775,395	3	1.90
Centura Bank Inc	Banking	42,518,597	4	1.39	27,605,696	6	1.17
C F N Inc <sup>o</sup>	Retail Shopping Center	23,152,659	5	0.75	27,017,560	7	1.15
Kaba Ilco Corp <sup>c</sup>	Key & Security System Manufacturer	21,365,243	6	0.70	25,766,047	8	1.09
Honeywell International Inc <sup>a</sup>	Aircraft Manufacturer	18,907,901	7	0.62	24,828,991	10	1.05
Cobb Corners Ltd. Partnership	Retail Shopping Center	17,320,050	8	0.56	-		0.00
Carolina Power & Light	Electrical Energy Producer	12,429,308	9	0.41	-		0.00
American Fibers and Yarns Co. <sup>a</sup>	Textile Manufacturer	11,987,766	10	0.39	25,648,400	9	
Thorpe-Greenville Tobacco Company	Tobacco Exporter	-			38,500,008	4	1.64
American Telephone	Communications	-			36,041,179	5	1.53
Total		<u>\$ 361,734,912</u>		<u>11.79 %</u>	<u>\$ 383,614,098</u>		<u>15.20 %</u>

Source: City of Rocky Mount Finance Dept

<sup>a</sup> Formerly Abbott Laboratories

<sup>o</sup> Formerly C F N Golden East Inc.

<sup>c</sup> Formerly Ilco Unican

<sup>a</sup> Formerly Allied Signal Aerospace Co.

<sup>a</sup> Formerly Amoco Fabrics and Fibers Company

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year (Original Levy)		Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date						
					Amount	Percentage of Levy		Amount	Percentage of Levy					
1997	\$	11,071,125	\$	322,207	\$	11,393,332	\$	10,780,829	97.38 %	\$	549,655	\$	11,330,484	99.45 %
1998		11,188,429		400,089		11,588,518		10,879,838	97.24		624,501		11,504,339	99.27
1999		11,544,991		392,421		11,937,412		11,199,380	97.01		640,966		11,840,346	99.19
2000		11,742,961		220,589		11,963,550		10,931,751	93.09		892,622		11,824,373	98.84
2001		11,604,820		404,462		12,009,282		11,122,043	95.84		735,940		11,857,983	98.74
2002		13,205,016		322,056		13,527,072		12,411,433	93.99		954,594		13,366,027	98.81
2003		14,241,109		272,477		14,513,586		13,464,833	94.55		822,887		14,287,720	98.44
2004		14,676,242		303,509		14,979,751		14,046,434	95.71		678,811		14,725,245	98.30
2005		15,314,550		351,521		15,666,071		14,652,620	95.68		591,018		15,243,638	97.30
2006		15,188,026		149,974		15,338,000		14,663,915	96.55		-		14,663,915	95.61

Source: City of Rocky Mount Finance Department

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities	Business-type Activities				Total Primary Government	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	Capital Leases	Water Bonds	Sewer Bonds	Revolving Sewer Loans	Capital Leases			
1997	\$ 854,718	\$ 10,736,341	\$ 15,317,409	-	\$ 7,791,298	\$ 34,699,766	1.13%	607.17
1998	1,231,180	9,987,745	14,222,255	-	6,362,285	31,803,465	1.00%	551.86
1999	2,196,756	8,977,113	12,817,887	-	6,020,361	30,012,117	0.98%	508.94
2000	9,270,565	8,197,724	11,467,276	-	8,607,670	37,543,235	1.10%	647.23
2001	8,364,882	7,429,109	10,130,891	-	6,635,260	32,560,142	0.92%	581.29
2002	7,859,323	6,669,114	8,805,886	-	6,484,671	29,818,994	0.84%	532.50
2003	6,907,494	5,781,335	7,633,665	-	3,881,565	24,204,059	0.66%	430.61
2004	17,435,317	4,908,640	6,481,360	-	3,058,425	31,883,742	0.83%	567.97
2005	16,519,537	4,051,029	5,348,971	592,893	9,219,339	35,731,769	0.91%	634.57
2006	14,828,601	3,210,656	4,239,344	1,194,328	8,987,479	32,460,408	not available	576.66

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup> See Demographic and Economic Statistics for personal income and population data.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years**

Fiscal Year	General Bonded Debt Outstanding		Total	Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
	General Obligation Bonds	Less: Amounts Available in Debt Service Fund				
1997	\$ 26,053,750	-	\$ 26,053,750	2.07%	1.03%	456
1998	24,210,000	-	24,210,000	1.85%	0.90%	420
1999	21,795,000	-	21,795,000	1.71%	0.75%	370
2000	19,665,000	-	19,665,000	1.42%	0.65%	339
2001	17,560,000	-	17,560,000	1.27%	0.54%	313
2002	15,475,000	-	15,475,000	1.12%	0.50%	276
2003	13,415,000	-	13,415,000	0.95%	0.42%	239
2004	11,390,000	-	11,390,000	0.77%	0.36%	203
2005	9,400,000	-	9,400,000	0.62%	0.28%	167
2006	7,450,000	-	7,450,000	not available	0.22%	132

Notes: Details regarding the County's outstanding debt can be found in the notes to the Financial Statements.

(1) See Demographic and Economic Statistics for personal income and population data.

(2) See Assessed Value and Actual Value of Taxable Property for property value data.

**CITY OF ROCKY MOUNT, NORTH CAROLINA  
COMPUTATION OF DIRECT AND OVERLAPPING  
BONDED DEBT AS OF JUNE 30, 2006**

<u>Name of Governmental Unit</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City of Rocky Mount<sup>1</sup></u>	<u>City of Rocky Mount Share of Debt</u>
Direct Debt			
City of Rocky Mount:			
Sanitary Sewer	\$ 4,239,344	100.0%	\$ 4,239,344
Water	<u>3,210,656</u>	100.0%	<u>3,210,656</u>
Total Direct Debt	<u>7,450,000</u>		<u>7,450,000</u>
Overlapping Debt			
Edgecombe County:			
Water & Sewer	3,081,000	18.0%	554,580
Water & Sewer Bond			
Anticipation Notes	3,913,000	18.0%	704,340
Nash County	<u>-</u>	82.0%	<u>-</u>
Total Overlapping Debt	<u>6,994,000</u>		<u>1,258,920</u>
Total direct and overlapping debt	<u>\$ 14,444,000</u>		<u>\$ 8,708,920</u>

<sup>1</sup> Percentage applicable to the City of Rocky Mount is calculated by determining value of taxable property in Edgecombe and Nash Counties.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Rocky Mount. This process recognizes that, when the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt Limit	\$ 188,364	\$ 193,066	\$ 200,752	\$ 204,225	\$ 201,823	\$ 239,934	\$ 237,471	\$ 234,847	\$ 245,089	\$ 245,446
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 188,364</u>	<u>\$ 193,066</u>	<u>\$ 200,752</u>	<u>\$ 204,225</u>	<u>\$ 201,823</u>	<u>\$ 239,934</u>	<u>\$ 237,471</u>	<u>\$ 234,847</u>	<u>\$ 245,089</u>	<u>\$ 245,446</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Legal Debt Margin Calculation for Fiscal Year 2006**

Assessed Value	\$3,068,079,978
Debt Limit (8% of total assessed value) (1)	245,446,398
Debt applicable to limitation:	
Total outstanding bonded debt at 6/30/06	7,450,000
Less: Statutory deductions (2 and 3)	
Bonds issued and outstanding for water purposes	3,210,656
Bonds issued and outstanding for sewer purposes	4,239,344
	<u>7,450,000</u>
Total amount of debt applicable to debt limit	<u>-</u>
Legal debt margin	<u>\$245,446,398</u>

Notes:

- (1) North Carolina General Statute 159-55( c) limits the City's net debt to 8% of the appraised value of property subject to taxation within the City.
- (2) North Carolina General Statute 159-55( c)(2) exempts bonds issued for electric system and water system purposes from inclusion in the calculation of legal debt margin.
- (3) North Carolina General Statute 159-55( c)(3) exempts bonds issued for sanitary sewer system purposes from inclusion in the calculation of legal debt margin.



**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**PLEDGED REVENUE COVERAGE - WATER & SEWER**  
**Last Ten Fiscal Years**

Sewer Bonds							
Fiscal Year	Operating Revenues <sup>1</sup>	Operating Expenses <sup>2</sup>	Net Revenue Available for Debt Service	Debt Service Requirements <sup>3</sup>			Coverage
				Principal	Interest	Total	
1997	\$ 6,747,841	\$ 5,507,444	\$ 1,240,397	\$ 1,025,136	\$ 970,350	\$ 1,995,485	62.16%
1998	7,421,373	5,489,250	1,932,123	1,095,154	908,472	2,003,626	96.43%
1999	8,221,343	5,482,838	2,738,505	1,404,367	536,923	1,941,290	141.07%
2000	8,249,775	6,145,481	2,104,294	1,350,611	590,045	1,940,657	108.43%
2001	8,917,964	6,788,368	2,129,596	1,336,385	526,298	1,862,684	114.33%
2002	9,513,120	7,293,392	2,219,728	1,325,005	461,675	1,786,679	124.24%
2003	8,490,013	7,280,712	1,209,301	1,172,221	397,535	1,569,757	77.04%
2004	8,165,031	7,498,657	666,374	1,152,305	347,716	1,500,021	44.42%
2005	8,882,052	8,131,250	750,802	1,132,389	298,743	1,431,131	52.46%
2006	9,964,897	8,016,527	1,266,124	1,109,627	248,918	1,358,545	93.20%

Water Bonds							
Fiscal Year	Operating Revenues <sup>1</sup>	Operating Expenses <sup>2</sup>	Net Revenue Available for Debt Service	Debt Service Requirements <sup>3</sup>			
				Principal	Interest	Total	Coverage
1997	\$ 6,622,822	\$ 4,513,820	\$ 2,109,002	\$ 574,864	\$ 693,363	\$ 1,268,227	166.30%
1998	6,746,977	4,591,285	2,155,692	748,596	657,441	1,406,037	153.32%
1999	7,605,181	4,765,653	2,839,528	1,010,633	615,229	1,625,861	174.65%
2000	7,329,558	5,510,224	1,819,334	449,389	403,162	852,551	213.40%
2001	7,739,642	6,397,491	1,342,151	768,615	368,884	1,137,499	117.99%
2002	6,812,540	6,234,348	578,192	759,995	334,795	1,094,791	52.81%
2003	7,978,538	5,766,193	2,212,345	887,779	301,072	1,188,851	186.09%
2004	8,225,032	6,359,717	1,865,315	872,695	263,342	1,136,037	164.19%
2005	8,546,505	6,549,732	1,996,773	857,611	226,252	1,083,864	184.23%
2006	9,282,651	6,811,286	2,471,365	840,373	188,517	1,028,890	240.20%

<sup>1</sup> Total revenues including interest

<sup>2</sup> Total operating expenses exclusive of depreciation and amortization

<sup>3</sup> Includes General Obligation Bonds

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**ELECTRIC FUND REVENUES, EXPENSES AND NET INCOME**  
**Last Ten Fiscal Years**

Fiscal Year	Operating Revenues	Purchased Power	Operating Expenses	Operating Income	Nonoperating Revenues & (Expenses) Net	Income Before Transfers	Capital Contributions & Transfers In (Out) Net	Net Income (Loss)	Ratio of Net Income (loss) to Operating Revenues
1997	\$ 63,537,709	\$ 50,842,938	\$ 7,751,508	\$ 4,943,263	\$ (1,186,231)	\$ 3,757,032	\$ (1,162,000)	\$ 2,595,032	4.1%
1998	64,610,622	51,562,248	7,853,081	5,195,293	(1,100,637)	4,094,656	(1,285,000)	2,809,656	4.3%
1999	65,457,767	50,838,872	8,589,489	6,029,406	(962,715)	5,066,691	(1,410,500)	3,656,191	5.6%
2000	61,493,313	50,456,258	11,407,782	(370,727)	(1,335,245)	(1,705,972)	(1,492,898)	(3,198,870)	-5.2%
2001	62,597,012	50,325,654	11,494,779	776,579	(950,724)	(174,145)	(1,553,180)	(1,727,325)	-2.8%
2002	63,299,637	50,524,960	11,150,468	1,624,209	(1,361,598)	262,611	(1,637,500)	(1,374,889)	-2.2%
2003	68,690,602	55,041,060	12,373,660	1,275,882	60,697	1,336,579	(1,673,704)	(337,125)	-0.5%
2004	70,099,299	56,464,242	12,811,149	823,908	358,607	1,182,515	(1,729,180)	(546,665)	-0.8%
2005	69,650,344	56,336,079	11,912,498	1,401,767	598,235	2,000,002	(946,406)	1,053,596	1.5%
2006	78,239,181	62,244,977	11,847,200	4,147,004	(155,379)	3,991,625	(1,016,500)	2,975,125	3.8%

Source: Audited financial reports of the City of Rocky Mount

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**GAS FUND REVENUES, EXPENSES AND NET INCOME**  
**Last Ten Fiscal Years**

Fiscal Year	Operating Revenues	Purchased Gas	Operating Expenses	Operating Income	Nonoperating Revenues & (Expenses) Net	Income Before Transfers	Capital Contributions & Transfers In (Out) Net	Net Income (Loss)	Ratio of Net Income (loss) to Operating Revenues
1997	\$ 18,106,270	\$ 12,326,957	\$ 2,288,814	\$ 3,490,499	\$ (204,815)	\$ 3,285,684	\$ (1,800,000)	\$ 1,485,684	8.2%
1998	16,618,362	10,900,384	2,780,571	2,937,407	(70,271)	2,867,136	(1,800,000)	1,067,136	6.4%
1999	14,519,911	9,079,104	2,949,888	2,491,919	(121,796)	2,370,123	(2,000,000)	370,123	2.5%
2000	16,684,499	11,154,320	3,911,375	1,618,804	(216,732)	1,402,072	(2,000,000)	(597,928)	-3.6%
2001	24,530,267	19,292,534	4,503,133	734,600	(186,598)	548,002	(1,777,590)	(1,229,588)	-5.0%
2002	16,093,258	11,191,724	4,252,940	648,594	(149,639)	498,955	(1,041,735)	(542,780)	-3.4%
2003	19,385,470	13,281,194	4,388,581	1,715,695	(43,744)	1,671,951	114,465	1,786,416	9.2%
2004	23,085,573	15,947,768	4,980,597	2,157,208	(408,720)	1,748,488	-	1,748,488	7.6%
2005	27,087,316	20,022,261	4,463,489	2,601,566	28,994	2,630,560	(700,000)	1,930,560	7.1%
2006	31,684,789	26,372,355	4,436,476	875,958	59,438	935,396	(1,000,000)	(64,604)	-0.2%

Source: Audited financial reports of the City of Rocky Mount

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**WATER FUND REVENUES, EXPENSES AND NET INCOME**  
**Last Ten Fiscal Years**

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Fiscal Year	Operating Revenues	Operating Expenses	Operating Income (loss)	Nonoperating Revenues & (Expenses) Net	Income (Loss) Before Capital Contributions and Transfers	Capital Contributions & Transfers In (Out) Net	Net Income (Loss)	Ratio of Net Income (loss) to Operating Revenues
1997	\$ 7,347,159	\$ 5,397,490	\$ 1,949,669	\$ (724,337)	\$ 1,225,332	\$ (420,000)	\$ 805,332	11.0%
1998	7,143,858	5,480,659	1,663,199	(396,881)	1,266,318	(420,000)	846,318	11.8%
1999	8,100,793	5,693,548	2,407,245	(495,612)	1,911,633	(542,100)	1,369,533	16.9%
2000	7,838,343	6,892,215	946,128	(508,785)	437,343	(600,000)	(162,657)	-2.1%
2001	8,040,120	7,890,681	149,439	(300,478)	(151,039)	(759,112)	(910,151)	-11.3%
2002	8,344,267	7,458,940	885,327	(1,905,940)	(1,020,613)	(571,288)	(1,591,901)	-19.1%
2003	8,375,012	7,265,783	1,109,229	(396,474)	712,755	3,311,234	4,023,989	48.0%
2004	8,617,670	7,836,436	781,234	(392,638)	388,596	(133,373)	255,223	3.0%
2005	8,788,591	7,747,906	1,040,685	(242,086)	798,599	(600,000)	198,599	2.3%
2006	9,514,292	8,099,827	1,414,465	(231,641)	1,182,824	(330,000)	852,824	9.0%

Source: Audited financial reports of the City of Rocky Mount

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SEWER FUND REVENUES, EXPENSES AND NET INCOME**  
**Last Ten Fiscal Years**

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Nonoperating Revenues & (Expenses) Net	Income (Loss) Before Capital Contributions and Transfers	Capital Contributions & Transfers In (Out) Net	Net Income (Loss)	Ratio of Net Income to Operating Revenues
1997	\$ 7,820,063	\$ 7,446,609	\$ 373,454	\$ (1,072,222)	\$ (698,768)	\$ -	\$ (698,768)	-8.9%
1998	8,114,487	7,026,527	1,087,960	(693,114)	394,846	-	394,846	4.9%
1999	8,939,095	7,042,085	1,897,010	(717,752)	1,179,258	-	1,179,258	13.2%
2000	8,867,975	7,562,064	1,305,911	(618,200)	687,711	-	687,711	7.8%
2001	9,492,301	8,207,636	1,284,665	(574,337)	710,328	106,308	816,636	8.6%
2002	9,987,299	8,281,116	1,706,183	(815,637)	890,546	186,514	1,077,060	10.8%
2003	8,989,252	8,633,456	355,796	(499,239)	(143,443)	663,944	520,501	5.8%
2004	8,623,692	8,890,909	(267,217)	(458,661)	(725,878)	31,678	(694,200)	-8.0%
2005	9,213,340	9,335,446	(122,106)	(331,288)	(453,394)	-	(453,394)	-4.9%
2006	10,311,549	9,395,580	915,969	(346,652)	569,317	-	569,317	5.5%

Source: Audited financial reports of the City of Rocky Mount

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**STORM WATER FUND REVENUES, EXPENSES AND NET INCOME**  
**Last Ten Fiscal Years**

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Nonoperating Revenues & (Expenses) Net	Income (Loss) Before Capital Contributions and Transfers	Capital Contributions & Transfers In (Out) Net	Net Income (Loss)	Ratio of Net Income to Operating Revenues
1997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
1998	-	-	-	-	-	-	-	0.0%
1999	-	-	-	-	-	-	-	0.0%
2000	-	-	-	-	-	-	-	0.0%
2001	-	-	-	-	-	-	-	0.0%
2002	-	47,207	(47,207)	-	(47,207)	-	(47,207)	0.0%
2003	-	390,467	(390,467)	-	(390,467)	-	(390,467)	0.0%
2004	2,246,746	2,287,496	(40,750)	(650)	(41,400)	1,301,307	1,259,907	56.1%
2005	2,333,267	2,339,776	(6,509)	17,261	10,752	800,000	810,752	34.7%
2006	2,673,764	2,227,602	446,162	(295,883)	150,279	700,000	850,279	31.8%

Source: Audited financial reports of the City of Rocky Mount

Note : Storm water enterprise fund began in fiscal year 2001-02.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**ELECTRIC FUND REVENUES BY SOURCE**  
**Last Ten Fiscal Years**

Fiscal Year	User Charges	Other Operating Revenues	Other Non-operating Revenues	Grants and Subsidies	Investment Earnings	Total Revenues
1997	\$ 63,091,284	\$ 475,525	\$ -	\$ -	\$ 126,483	\$ 63,693,292
1998	64,120,850	501,581	-	-	206,376	64,828,807
1999	64,965,393	481,741	-	-	365,189	65,812,323
2000	61,422,115	68,446	-	1,000	67,418	61,558,979
2001	61,964,201	483,024	-	2,321	346,834	62,796,380
2002	62,922,924	376,713	-	-	71,952	63,371,589
2003	67,987,358	703,244	56,028	426,844	20,540	69,194,014
2004	69,947,046	152,253	508,908	285,907	18,799	70,912,913
2005	69,259,750	390,594	794,744	-	20,108	70,465,196
2006	77,276,496	962,685	-	250,000	319,932	78,809,113

Source: Audited financial reports of the City of Rocky Mount

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**GAS FUND REVENUES BY SOURCE**  
**Last Ten Fiscal Years**

Fiscal Year	User Charges	Other Operating Revenues	Investment Earnings	Total Revenues
1997	\$ 18,042,311	\$ 70,725	\$ 65,477	\$ 18,178,513
1998	16,514,259	107,177	161,679	16,783,115
1999	14,245,099	270,888	131,144	14,647,131
2000	16,679,016	1,699	43,002	16,723,717
2001	24,530,267	529	31,871	24,562,667
2002	16,207,098	201	49,235	16,256,534
2003	19,385,219	251	33,757	19,419,227
2004	23,036,682	48,891	24,662	23,110,235
2005	27,087,066	250	62,244	27,149,560
2006	31,684,589	200	234,496	31,919,285

Source: Audited financial reports of the City of Rocky Mount



**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**WATER FUND REVENUES BY SOURCE**  
**Last Ten Fiscal Years**

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Fiscal Year	User Charges	Licenses and Permits	Other Operating Revenues	Other Non-operating Revenues	Grants and Subsidies	Investment Earnings	Total Revenues
1997	\$ 7,186,728	\$ -	\$ 132,152	\$ 55,980	\$ -	\$ 74,625	\$ 7,449,485
1998	6,985,976	-	156,486	34,725	-	160,916	7,338,103
1999	7,930,190	-	187,218	49,165	-	137,573	8,304,146
2000	7,713,760	127,971	65,199	-	200	71,426	7,978,556
2001	7,962,973	77,147	97,216	-	28,193	191,461	8,356,990
2002	8,739,896	78,240	107,132	-	14,881	63,480	9,003,629
2003	8,200,445	89,785	92,694	-	72,947	37,030	8,492,901
2004	8,434,449	38,228	161,290	-	10,100	32,831	8,676,898
2005	8,668,630	82,335	37,626	-	-	61,828	8,850,419
2006	9,329,808	79,094	105,390	-	-	168,322	9,682,614

Source: Audited financial reports of the City of Rocky Mount

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SEWER FUND REVENUES BY SOURCE**  
**Last Ten Fiscal Years**

Fiscal Year	User Charges	Licenses and Permits	Other Operating Revenues	Other Non-operating Revenues	Investment Earnings	Total Revenues
1997	\$ 7,731,330	\$ -	\$ 105,833	\$ 271,687	\$ 82,096	\$ 8,190,946
1998	7,763,123	-	185,501	310,638	104,829	8,364,091
1999	8,514,697	-	435,521	64,590	64,748	9,079,556
2000	8,927,335	59,237	63,269	-	49,909	9,099,750
2001	9,260,652	54,640	73,787	-	144,156	9,533,235
2002	10,328,304	28,780	72,610	-	85,042	10,514,736
2003	9,037,813	23,682	86,783	-	65,957	9,214,235
2004	8,542,153	10,604	102,613	-	27,766	8,683,136
2005	8,994,505	5,930	212,905	-	22,218	9,235,558
2006	10,135,472	(7,919)	183,996	-	84,469	10,396,018

Source: Audited financial reports of the City of Rocky Mount

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**STORMWATER FUND REVENUES BY SOURCE**  
***Last Three Fiscal Years***

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Fiscal Year	User Charges	Investment Earnings	Total Revenues
2004	\$ 2,246,746	\$ 2,137	\$ 2,248,883
2005	2,333,267	23,603	2,356,870
2006	2,673,764	77,107	2,750,871

Source: Audited financial reports of the City of Rocky Mount  
New service for FY2004

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**ELECTRIC FUND USER CHARGES**  
**Last Seven Years**

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Fiscal Year	Residential	Commercial/ Industrial	Commercial	Seasonal	Other Lights	Total Revenues
2000	\$ 25,409,618	\$ 32,171,469	\$ 2,629,021	\$ 72,236	\$ 1,139,771	\$ 61,422,115
2001	27,930,375	29,105,770	3,166,389	225,765	1,535,902	61,964,201
2002	27,416,136	30,791,121	3,210,947	61,505	1,443,215	62,922,924
2003	31,405,564	31,980,148	3,040,122	120,173	1,441,351	67,987,358
2004	31,900,566	34,008,336	2,348,027	124,267	1,565,850	69,947,046
2005	31,523,269	34,013,985	2,063,686	120,620	1,538,190	69,259,750
2006	36,321,665	36,775,239	2,401,305	134,323	1,643,964	77,276,496

Source: Internal Monthly Sales Reports  
Audited financial reports of the City of Rocky Mount

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**GAS FUND USER CHARGES**  
**Last Seven Years**

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Fiscal Year	Residential	Commercial	Industrial	Special	Seasonal	Other	Total Revenues
2000	\$ 7,938,695	\$ 3,477,689	\$ 896,755	\$ 3,833,345	\$ 98,045	\$ 434,487	\$ 16,679,016
2001	12,856,449	6,219,802	1,116,890	3,979,646	67,545	322,335	24,562,667
2002	8,411,137	4,436,398	555,038	2,423,283	129,419	251,824	16,207,098
2003	11,056,184	5,481,151	678,990	1,984,805	141,540	42,549	19,385,219
2004	12,297,077	6,536,227	859,116	3,187,255	138,164	18,843	23,036,682
2005	14,000,487	7,752,418	819,822	4,307,113	204,058	3,168	27,087,066
2006	16,192,772	9,526,806	1,150,982	4,455,658	355,708	2,662	31,684,589

Source: Internal Monthly Sales Reports  
Audited financial reports of the City of Rocky Mount

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**WATER FUND USER CHARGES**  
**Last Seven Years**

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Fiscal Year	Inside City	Outside City	Municipal	Other	Total Revenues
2000	\$ 6,725,743	\$ 538,283	\$ 447,537	\$ 2,197	\$ 7,713,760
2001	6,935,668	492,077	530,640	4,588	7,962,973
2002	7,393,400	597,470	744,940	4,085	8,739,896
2003	6,752,354	663,394	782,400	2,296	8,200,445
2004	6,843,878	717,074	871,724	1,773	8,434,449
2005	7,130,536	738,940	796,923	2,230	8,668,630
2006	7,674,909	835,590	818,929	380	9,329,808

Source: Internal Monthly Sales Reports  
Audited financial reports of the City of Rocky Mount

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**SEWER FUND USER CHARGES**  
**Last Seven Years**

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Fiscal Year	Sewer Service	Sewer Surcharge	Sewer No Water	Wholesale	Other	Total Revenues
2000	\$ 6,206,846	\$ 486,658	\$ 1,358,493	\$ 863,003	\$ 12,335	\$ 8,927,335
2001	6,100,575	505,656	1,528,750	1,086,742	38,929	9,260,652
2002	7,195,870	547,999	1,450,879	1,100,378	33,178	10,328,304
2003	7,008,116	314,799	373,715	1,292,647	48,536	9,037,813
2004	6,770,687	384,146	289,774	1,063,778	33,768	8,542,153
2005	7,578,173	266,046	71,480	1,041,481	37,325	8,994,505
2006	8,111,423	503,691	61,818	1,429,185	29,356	10,135,472

Source: Internal Monthly Sales Reports  
Audited financial reports of the City of Rocky Mount

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**STORMWATER FUND USER CHARGES**  
**Last Three Years**

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Fiscal Year	Residential	Multi-family	Commercial	Total Revenues
2004	\$ 644,860	\$ 152,823	\$ 1,449,063	\$ 2,246,746
2005	639,378	159,929	1,533,961	2,333,267
2006	738,551	183,921	1,751,292	2,673,764

Source: Internal Monthly Sales Reports  
Audited financial reports of the City of Rocky Mount  
New service for FY2004



**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Years**

Year	City Population (1)	Rocky Mount MSA(a) Personal Income (Millions) (2)	Rocky Mount MSA(a) Per Capita Income (2)	Rocky Mount MSA(a) Unemployment Rate (3)	Rocky Mount MSA(a) Retail Sales (Millions) (4)
1997	57,150	\$ 3,074.0	\$ 21,993	8.4%	\$ 1,228.4
1998	57,630	3,179.5	22,739	8.0%	1,216.4
1999	58,970	3,060.6	21,604	6.8%	1,167.3
2000	58,006	3,421.7	23,921	6.1%	1,163.7
2001	56,014	3,536.7	24,644	8.1%	1,121.8
2002	55,998	3,554.0	24,628	10.4%	1,052.7
2003	56,209	3,643.7	25,245	9.5%	1,060.7
2004	56,136	3,838.2	26,464	8.5%	1,112.5
2005	56,309	3,946.0	27,116	7.5%	1,173.5
2006	56,290	not available	not available	6.7%	720.5

Sources: (1) City of Rocky Mount Planning Department  
(2) U.S. Dept of Commerce - Bureau of Economic Analysis  
(3) NC Employment Security Commission  
(4) NC Dept of Revenue

(a) Metropolitan Statistical Area

\*Note: Retail Sales for 2006 are not comparable to prior years because of a change in reporting of retail sales by NC DOR from gross retail sales to taxable sales starting July 2005.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**PRINCIPAL EMPLOYERS**  
**Current Year and Eight Years Ago**

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Employer	2006			1998		
	Employees	Rank	Percentage of Total MSA (a) Employment	Employees	Rank	Percentage of Total MSA (a) Employment
Nash Rocky Mount Schools	2,500	1	3.67%	2,400	1	3.38%
Hospira/Abbott Laborators	2,000	2	2.93%	1,950	2	2.75%
Nash Health Care Systems	1,725	3	2.53%	1,600	3	2.25%
Consolidated Diesel	1,350	4	1.98%	1,456	4	2.05%
RBC Centura	1,250	5	1.83%	650	9	0.92%
Embarq/Sprint	1,000	6	1.47%	1,185	5	1.67%
QVC Inc	850	7	1.25%	0		0.00%
Kaba Ilco Corporation	625	8	0.92%	740	7	1.04%
McLane North Carolina	575	9	0.84%	496	11	0.70%
Barcalounger	400	10	0.59%	400	12	0.56%
MBM Corporation	400	10	0.59%	350	13	0.49%
Hardees Food Systems	0		0.00%	755	6	1.06%
Texfi Blends	0		0.00%	660	8	0.93%
IBC Merita Wonder Bakery	0		0.00%	550	10	0.77%
	<u>12,675</u>		<u>18.60%</u>	<u>11,227</u>		<u>15.81%</u>

Source: Carolina Gateways Partnership (Data for 1997 was not available)  
(a) Metropolitan Statistical Area

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**Last Ten Fiscal Years**

Function/Program	Full-time Equivalent Employees as of June 30									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government	82	94	99	101	101	102	100	103	101	106
Public Safety										
Police	148	164	178	173	180	181	177	175	184	193
Fire	112	126	130	126	127	124	132	136	136	133
Public Works	114	126	132	131	134	133	132	101	104	104
Engineering	18	20	23	23	23	22	21	24	24	23
Parks & Recreation	44	55	60	59	56	58	55	58	58	61
Public Service	2	2	3	3	3	3	2	2	2	2
Economic Development	20	24	26	26	27	24	26	25	23	20
Electric	49	55	52	50	52	55	50	53	54	58
Gas	16	22	19	18	21	18	19	20	21	21
Water	56	61	68	70	66	59	60	62	62	62
Sewer	21	23	27	27	26	26	27	27	27	25
Storm Water							1	32	32	33
Total	<u>681</u>	<u>771</u>	<u>816</u>	<u>806</u>	<u>815</u>	<u>804</u>	<u>801</u>	<u>818</u>	<u>828</u>	<u>840</u>

Source: Finance Department

Note: This schedule represents number of persons employed as of June 30 of each year. Vacant positions are not included in the above numbers.

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
***Last Ten Fiscal Years***

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Function/Program										
Police										
Physical arrests	11,943	12,514	11,159	8,762	8,387	6,103	10,714	9,221	3,014	4,862
Traffic violations	7,033	6,140	5,915	7,226	6,961	6,106	8,087	6,655	5,936	3,117
Fire										
Number of calls answered	1,604	1,690	1,748	3,022	4,872	5,234	5,453	6,442	7,050	7,750
Inspections	4,738	3,407	4,356	1,736	2,429	2,236	3,350	2,686	2,862	2,957
Water										
Water main (miles)	280	300	300	300	300	300	350	360	360	461
Number of meters	22,050	22,500	22,800	22,800	24,700	23,800	24,258	26,379	26,915	24,700
Avg daily consumption (millions of gallons)	14.6	13.9	13.5	13.7	13.9	13.3	11.6	11.9	11.9	11.3
Peak daily consumption (millions of gallons)	21.4	20.3	19.6	20.4	18.2	20.0	15.2	16.0	17.0	16.4
Wastewater										
Avg daily sewer treatment (millions of gallons)	14.5	13.6	11.5	13.8	13.2	13.8	15.1	12.4	12.4	10.2

**CITY OF ROCKY MOUNT, NORTH CAROLINA**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
***Last Ten Fiscal Years***

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Function/Program</b>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	47	49	49	55	55	52	60	60	58	58
Fire										
Stations	6	6	6	6	6	6	6	7	7	7
Public Works										
Streets (miles)	252	254	255	257	259	265	268	270	272	268
Streetlights	6,195	6,294	6,345	6,393	6,600	6,600	6,739	6,957	6,957	6,957
Recreation and Parks										
Parks	45	45	46	46	46	46	46	46	46	41
Acreage	400	400	472	472	472	472	472	481	481	499
Swimming Pools	2	2	2	-	-	-	-	1	1	2
Tennis Courts	40	40	45	45	45	40	34	30	30	37
Recreation centers	3	3	3	3	3	3	3	3	3	2
Water										
Water mains (miles)	280	300	300	300	300	300	350	360	360	360
Maximum daily capacity (millions of gallons)	28	28	28	28	26	26	26	26	26	26
Storage capacity (millions of gallons)	10	10	10	10	10	11	11	11	11	11
Wastewater										
Treatment capacity (millions of gallons)	21	21	21	21	21	21	21	21	21	21
Electric										
Distribution lines (miles)	687	688	689	690	691	691	665	680	429	687